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The U.S. Government's Global Hunger & Food Security Initiative



FEED THE FUTURE CAMBODIA HARVEST II FY20 ANNUAL REPORT

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Photo Cover: With grant support from Feed the Future Cambodia Harvest II, Natural Agriculture Village (NAV) introduces new seeds, trains farmers on safe production practices, and builds their capacity to meet modern supermarkets' quality standards. NAV has expanded its work using contract farming to ensure traceability while paying premium prices to farmers to supply quality produce to customers.



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ACRONYMS

AC	Agricultural Cooperative
AGID	Angkor Green Investment and Development
AIMS	Accelerating Inclusive Markets for Smallholders
BMP	Business Management Platforms
Cam-GAP	Cambodia Good Agricultural Practice
CHA	Commercial Horticulture Agent
CMA	Cambodia Microfinance Association
CP	Commercial Partnerships
CWG	Cashew Working Group
DAI	Department of Agro-Industry
DPPSPS	Department of Plant Protection Sanitary and Phyto-Sanitary
ERP	Enterprise Resource Planning
EWS	East-West Seed
FTE	Full-Time Equivalent
FVWG	Fruit and Vegetable Working Group
FY	Fiscal Year
F2F	Farmer to Farmer
GAP	Good Agricultural Practices
GDA	General Directorate of Agriculture
GPS	Grants Program Statement
IPM	Integrated Pest Management
MAFF	Ministry of Agriculture, Forestry and Fisheries
M&E	Monitoring and Evaluation
MEL	Monitoring, Evaluation and Learning
MFI	Microfinance Institutions
MoC	Ministry of Commerce
MSD	Market Systems Development
MSME	Micro, Small and Medium Enterprise
NAV	Natural Agriculture Village
NCBA CLUSA	National Cooperative Business Association CLUSA International
NGO	Non-Governmental Organization
PDAFF	Provincial Department of Agriculture, Forestry and Fisheries
PERSUAP	Pesticide Evaluation Report and Safe Use Action Plan
PGS	Participatory Guarantee System
POS	Point-of-Sale
PPD	Public-Private Dialogue
RGC	Royal Government of Cambodia
SUAP	Safe Use Action Plan
USAID	United States Agency for International Development
USG	United States Government
ZOI	Zone of Influence

EXECUTIVE SUMMARY

INTRODUCTION

Feed the Future Cambodia Harvest II (“Harvest II”) seeks to accelerate growth of the horticulture sector across the Feed the Future Zone of Influence (ZOI) in the provinces of Pursat, Battambang, Siem Reap, and Kampong Thom, with particular emphasis on four subsectors: mango, longan, vegetables and cashew. Upon receiving a contract modification in FY20, Harvest II began considering opportunities in provinces outside the ZOI on a case-by-case basis.

Harvest II employs a strategy that blends **a buyer-led approach** with **market systems development** (MSD.) This approach takes horticulture buyers as the main entry point to the “market system” encompassing a wide range of relationships with farmers, other firms and partners. Harvest II facilitates and strengthens partnerships between buyers and suppliers while engaging other market actors to identify and address broader systemic market constraints in the horticulture sector.

Harvest II has three interconnected sub-purposes:

- **Improve capacities for market participation.** Harvest II works with buyers, producers, and other actors to increase financial and business capacity, stimulate the use of market information to inform business decisions, and expand financial opportunities.
- **Improve market linkages.** Harvest II works with buyers and producers to build trust and form mutually profitable commercial partnerships (CPs). The project also engages other market actors, including financial institutions, input supply companies, and other private sector firms, to strengthen coordination across value chains and increase investment in the sector.
- **Improve governance and the enabling environment.** Harvest II partners with government entities, the private sector, and civil society organizations to strengthen opportunities for advocacy and public-private dialogue, simultaneously helping build government capacity to address stakeholder constraints and foster inclusive horticulture sector growth.

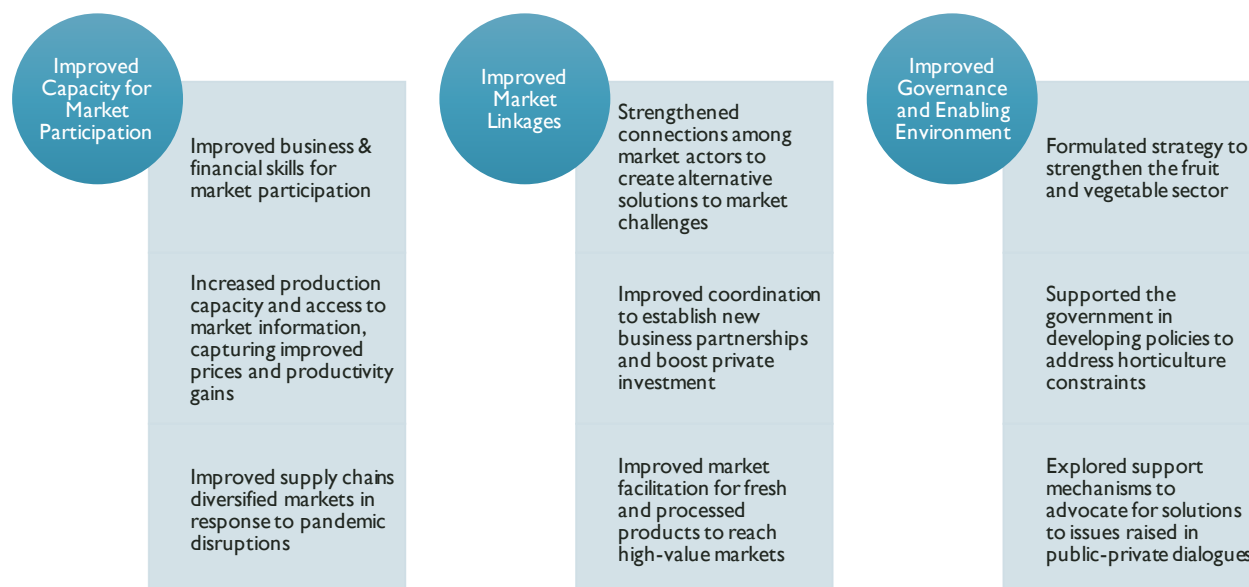
TECHNICAL APPROACH AND PROGRESS IN FY20

Despite significant changes and challenges in FY20, Harvest II **continued to expand its hybrid buyer-led, market systems approach**, addressing systemic constraints for buyers sourcing product from the project’s targeted provinces. The project facilitated communication, goal setting, and problem solving between buyers and suppliers, and aided other market actors (such as input suppliers, financial institutions and business service providers) to address constraints as they were identified. Buyers and suppliers supported by Harvest II were able to build more productive relationships and benefit from the increased use of technology and improved supply chain management.

An additional goal during FY20 was to **focus more explicitly on catalyzing change at the system level**. The team selected to focus on four subsectors within the horticulture sector – vegetable, mango, longan, and cashew. Each subsector strategy identified promising market opportunities for the subsector, key system-level changes that would better enable the subsector to capture these opportunities, and project interventions that would advance progress toward the desired system-level change. Tailored strategies to meet the particular needs of each subsector were a natural evolution to the project’s overall approach, acknowledging each sector’s unique dynamics, shaped by dissimilar levels of investment, management sophistication, international competition, profitability, and customer standards. To carry out these strategies, the **project organized subsector teams**. The project also sharpened the focus of its **grants program, which solicits solutions and investments** to known challenges in the targeted subsectors.

These adaptations proved useful. The project team was able to build **deeper relationships with industry players in target segments** while better understanding prevailing challenges. For example, the recognition of demand for GAP (Good Agricultural Practices) certification in mango, longan and vegetable markets has led to Harvest II's forging closer ties with provincial government agencies to create and implement certification mechanisms and roll them forward to farmers. Similarly, Harvest II is adopting a more targeted search for solution providers that can address known problems by **using its grants program more strategically**, to expand the project's reach and impact.

FY20 project interventions can be clustered around the three sub-purposes described above and depicted in the diagram below. This report is organized around these sub-purposes.



As noted above, FY20 was a **year of changes and challenges, forcing Harvest II to learn, adapt and reframe its interventions**. The project experienced turnover of three senior staff positions – Chief of Party, Grants Manager, and Investment Specialist. These transitions were managed effectively, with the positions filled within two months. The most significant challenge was the **overarching impact of COVID-19**, which affected every market actor and Harvest II team member. The onset of the pandemic brought unexpected border closures, lack of mobility, shortage of farm labor, and a crash of demand normally fueled by tourism, while being accompanied by unprecedented price fluctuations due to market uncertainty. Some of Harvest II's focus crops suffered at the worst possible time, during peak harvest season. In addition, **project staff was forced to work mostly remotely** out of precaution, with restrictions on physical meetings and overnight travel for over six months of the year.

To adapt to working remotely, the project instituted **new communications technologies and management protocols**. Weekly work planning was instituted, with staff plans and accomplishments shared virtually with the entire team weekly. Regular management and review meetings were supported by a **redesigned communications processes** for the Harvest II team as well as the client. For example, the project adopted a new process for reporting project activity, allowing it to slash the size of its quarterly reports, as requested by the client.

To respond to this new environment, Harvest II conducted a **rapid assessment of key stakeholders in the market system** and based on that research, adopted approaches to address challenges for its partners. For example, the assessment showed that border closures to Vietnamese cashew processors were creating demand uncertainty for Cambodian cashew growers who normally exported there. Reduced demand and farmer anxiety resulted in sharp fluctuations in farm gate prices for Cambodians.

Unscrupulous traders were stepping in, taking advantage and underpaying farmers. Harvest II's assessment pin-pointed this challenge as asymmetric access to market pricing information. This realization led the project to establish a new process, in partnership with ethical Cambodian buyers, to broadcast cashew prices paid daily on social media, increasing cashew farmers' negotiating power.

Harvest II's performance indicators illustrate the effectiveness of the team's approach navigating the year's challenges, and as detailed in the next section, **the project met or exceeded its targets for all contractual indicators** for the year.

In Q4, Harvest II was informed that it would receive additional funds to address the secondary impact of COVID-19 and accelerate the adoption of climate-smart agriculture. This led to the institution of a **plan to develop, award, evaluate and manage a larger pipeline of grants**. The grant function's financial, M&E and management capacity was significantly expanded with new staff, and the technical team's work plans now target grantees within each subsector, integrating the grant program tightly with the project's development strategies going forward.

PROGRESS AGAINST THE FY20 WORK PLAN

The FY20 Work Plan set forth targets for each of Harvest II's seven contractual performance indicators. As shown in Table I, Harvest II met or exceeded all the contractual indicator targets.

Table I: FY20 Results by Contractual Indicators

#	Indicator	FY20 Target	FY20 Results	Percentage of Target Achieved
1	Value of incremental sales (collected at farm-level)	\$7,000,000	\$13,641,689	195%
2	Number of for-profit private enterprises, women's groups, trade and business associations ... that applied improved organization-level technologies or management practices	460	606	132%
3B	Percent of project-assisted buyers and suppliers who repeatedly applied at least one improved supply chain management practice	12%	15%	125%
4	Number of firms (excluding farms) ... engaged in agricultural and food security-related manufacturing and services that have increased profits or become financially self-sufficient	260	275	106%
5	Number of full-time equivalent (FTE) jobs created	700	715	102%
6A	Value of new private sector capital investment in the agriculture sector or food chain	\$3,000,000	\$6,388,785	213%
7	Number of agricultural and nutritional enabling environment policies analyzed, consulted on, drafted or revised, approved and implemented	4	4	100%



Incremental sales at farm-level generated by project partners



New investment mobilized by project partners



New jobs created by project partners

In FY20, Harvest II engaged more than 4,565 market actors (see table 7 for more details) in the horticulture sector, including buyers, producers, input suppliers, financial institutions, and national and local government officials, helping meet market demand. The project established CPs and facilitated grant activities leading to \$13,641,689 in incremental sales at farms, \$6,388,785 new investment, and 715 full-time equivalent jobs.

In addition, the work plan stated that the project would work to engage market actors in identifying and advancing needed system-level changes in each subsector. The table below shows FY20 highlights of that work. Also during the year, the project showcased project partners' experiences so that others in the market system could incorporate the improved practices and models in their own work.

Progress in Advancing System-Level Change	
Desired system-level change	FY20 highlights
Vegetable	
Improved coordination among market actors to improve productivity and more reliably respond to market demand.	<ul style="list-style-type: none"> • Provided grant support to Natural Agricultural Village (NAV) and East-West Seed (EWS) to test and expand the use of more formal business models through farm demonstrations, the promotion of contract farming, and market linkages to help farmers not only improve quality and productivity but also obtain guaranteed buy-back from buyers. More than 50 farmers are now working with NAV under formal farming agreements and 33 commercial partnerships have been formed as part of EWS's grant activities. • Provided agronomic advice, cost and benefit analysis to support Tasei AC in the development of production using net housing, expanding from seven to 40 net houses for their members and constructing an additional 160 net houses for other farmers. This resulted in 65 farmers¹ adopting climate-smart agricultural practices and using multiple net houses to increase productivity, improve quality of produce, increase sales and income. • Supported NAV, EWS, and input firms Song Muoy and TK Seeds as they provided training, services, and technical advice to vegetable farmers, resulting in 2,785 farmers implementing improved production techniques. • Supported NAV's efforts in training farmers on vegetable production following GAP requirements, resulting in 36 producers submitting GAP performance evaluation requests. • Worked with AMK to develop and introduce a new set of supply chain financing products to make it easier for buyers and input suppliers to provide cash advances to producers for inputs and technical services. Under its new program, AMK approved supply chain financing for Azyalla to increase working capital to meet the increasing demand from retail markets.
Increased processing and value addition of vegetables.	<ul style="list-style-type: none"> • Provided grant support to Azyalla and NAV to improve value addition of their products to meet the various requirements for PGS-GAP aligned products and proper packaging for super markets.
Increased private sector awareness of investment opportunities, leading to increased investment.	<ul style="list-style-type: none"> • Increased private sector awareness of investment opportunities utilizing market research shared at a vegetable investor workshop, which resulted in one attendee investing in a refrigerated truck and cold chain storage. • Followed up with and supported potential investors including IAT, Khmer Modern Farm, Khmer Organic, Kanika Hydroponic Farm, Natural Garden, and Chip Mong Retail.

¹ Although Tasei AC has built 200 net houses for its members and other farmers; some farmers own multiple net houses, resulting in the number of farmers being less than the number of net houses. On average, each farmer owns 2-3 net houses.

Mango	
Improved engagement by market actors to provide production and post-harvest handling services.	<ul style="list-style-type: none"> Coordinated with input firm Angkor Green Investment and Development (AGID) to provide technical production training to 233 mango suppliers. Provided grant funding to AGID to promote farm management and contract farming. As a result, AGID has developed contract farming agreements with 52 mango farmers, filling purchase orders for at least 1,500 tons of fresh mango for export to Japan and Thailand.
Increased processing capacity of mango processors.	<ul style="list-style-type: none"> Through a Harvest II Investment Accelerator grant, Misota generated an investment of \$691,275 and created 92 new full-time jobs. This investment expansion allowed Misota to add an additional four processing lines to diversify their processed mango and fruits to meet both domestic and international market demands. In FY20, Misota made new investment of \$97,887 in expanding working capital to purchase fresh fruits. Engaged with the private sector through meetings with lead firms, creating an opportunity for Misota to connect with Japan Farm Products, subsequently providing technical staff to train Misota's team and sharing processing techniques to meet Japan's high-quality standards. Coordinated exchange visits for three fruit processors: Misota, Kirirom Food Production (KFP), and Khmer Jyoryu to learn about operations management and processing techniques.
Improved knowledge sharing and coordination among buyers.	<ul style="list-style-type: none"> Coordinated six lead buyers, processors, and exporters including Misota, KFP, Khmer Jyoryu, AGID, and two other mango buyers to exchange business experiences and collaborate for export. One outcome of this exchange was that Misota partnered with Japan Farm Products (JFP) to process and export 15 tons of Japanese mandarin to Japan. JFP expanded their purchase order in dried mango for export to Japan during mango season.
Longan	
Improved collaboration of market actors to meet export requirements.	<ul style="list-style-type: none"> Facilitated GAP training to support Ponleu Thmei Pichenda in accessing technical know-how from Khmer Angkor Farmer (KAF), an input supply firm, which strengthened longan farmers' capacity in improving quality and productivity of longan. Following the training of 222 longan farmers in two districts of Battambang, at least 70% farmers adopted the improved production practices that are required to obtain GAP certification. Expanded engagement of KAF and Drone Khmer Technology Company in providing quality inputs, pruning, post-harvesting handling, and drone spraying technology to 120 farmers. These improved practices helped farmers improve the quality of longan, reducing production cost, improving time efficiency, and more importantly increasing farmers' safety during the spraying process, as direct spraying can adversely affect their health. Facilitated public and private dialogue among processors, agricultural cooperatives, collectors, and Provincial Department of Agriculture, Forestry and Fisheries (PDAFF) to unlock business opportunities for reaching new markets in South Korea and EU. Through Harvest II's coordination in multiple provincial meetings, the project was able to help PDAFF and longan exporters organize GAP training for two agricultural cooperatives. Following these coordination efforts, the subsector team attracted new businesses in longan subsectors. Harvest II provided support to development of an action plan that laid out how input firms would provide farmers with production knowledge to improve productivity. As a result, farmers were able to increase crop yields and sales to their collectors. Also, longan exporters and collectors doubled their sales between November 2019 and February 2020 and expanded their working capital to increase exports to Thailand. This led to \$2,802,697 of new working capital made in FY20. Worked with AMK to understand the particular needs of the longan sector for supply chaining financing. To date, one longan collector has qualified to obtain \$190,000 financing to expand his working capital.
Cashew	
Improved coordination among market actors to increase productivity.	<ul style="list-style-type: none"> Helped private firms better understand and respond to demand for their inputs and technical services in the cashew sector. In particular, collaborated with input companies AGID and VT Grow to provide quality inputs and technical services to 427 cashew producers in Siem Reap and Kampong Thom provinces. As a result of

	these training and technical services, at least 70% of farmers improved and adopted pest and disease management practices.
Improved coordination among market actors to enhance supply chain management, enabling improvements in quality and verifiability.	<ul style="list-style-type: none"> Connected Olam and Intersnack (two companies interested in building a traceability system for the Cambodian cashew nut) with the Cashew Nut Association of Cambodia (CAC) and Santana. In addition, the project linked Cropln and CAC to work on developing a traceability system for promising cashew processors. Organized an exposure visit for nine members of CAC, cashew buyers and processors, PDAFF and PDOC (Provincial Department of Commerce) staff to visit the post-harvest handling sites implemented by the IVY and HEKS project in Preah Vihear and Kratie provinces. After the exposure visit, the market players transferred their production knowledge to their cashew suppliers, who then produced better quality nuts.
Improved business management capacity of processing firms.	<ul style="list-style-type: none"> Supported a newly established processing firm in finalizing plans to expand her new processing facility to increase export to domestic and international markets including Japan.
Improved understanding of Cambodian cashew potential in world market.	<ul style="list-style-type: none"> In collaboration with Ministry of Commerce (MoC), Harvest II co-organized a cashew policy consultation workshop for 25 participants from the public and private sectors. The workshop helped private sector stakeholders understand cashew demands across the global market and weigh in on the new cashew policy.

Finally, the project's key accomplishments by sub-purpose are shown below.

Table 2: Key FY20 Accomplishments by Sub-Purpose

Focus of Interventions	Key Accomplishments
Sub-Purpose 1: Improved Capacity for Market Participation	
Improved business and financial skills	<ul style="list-style-type: none"> Supported Kiu's training of 192 micro-merchants and farmers on business management platforms (BMP) and point-of-sale (POS) application. In addition to group training, KiU provided one-to-one coaching, which ramped up interest in using KiU's BMP and POS. Assisted four Harvest II partners in accessing \$50,048 of financing from four microfinance institutions (MFIs) and expanding their mango, longan and vegetable businesses.
Increased production capacity and access to market information	<ul style="list-style-type: none"> Supported the General Directorate of Agriculture (GDA) and PDAFF in delivering Cambodia Good Agricultural Practice (Cam-GAP) training to 222 longan subsector actors in Battambang. Harvest II held several meetings with GDA and PDAFF and co-organized the training. Following the training, Harvest II facilitated the discussion between longan buyers and reliable suppliers so that they could conclude contract farming agreements. Coordinated three exposure visits for vegetable, longan, and cashew actors to build capacity and improve coordination. Encouraged the adoption of net houses by working with Tasei AC and other partners. To date, Tasei AC has built 200 net houses for its members and other farmers. Supported AGID and EVS in conducting online training utilizing Facebook's live video to focus on vegetable and mango technical production. Supported AGID's on-site management training to 233 mango suppliers in Battambang and Siem Reap.
Improved supply chains and diversified markets	<ul style="list-style-type: none"> Supported CP partners who helped 248 individuals adopt improved supply chain practices in post-harvest handling, contract farming, and improved business and farm management practices to increase sales (more details illustrated in table 3) Worked with more than ten input firms to support buyers and producers in diversifying products and rotate crops. Supported AGID and a cashew processor in Kampong Thom in improving the utilization of contract farming with producers.
Sub-Purpose 2: Improved Market Linkages	
Strengthened connections among market actors	<ul style="list-style-type: none"> By strengthening 42 commercial partnerships, helped 928 farmers increase sales by \$13,641,689 and 42 buyers generate annual sales of \$17,405,918.

Focus of Interventions	Key Accomplishments
	<ul style="list-style-type: none"> Supported an input dealer in Battambang in recruiting a Commercial Horticulture Agent (CHA) who assists the dealer to foster relationships and provide customized support to retailers and farmers. Replicating this model, an Agricultural Cooperative (AC) in Battambang also recruited two CHAs to assist with communication and administration.
Establish new business partnership and boost private sector investment	<ul style="list-style-type: none"> Organized a vegetable investor workshop attended by wholesalers, retailers, input supply companies, finance and investment actors, and development projects to share key findings of a study on the demand for locally-grown and safe vegetables and opportunities for investment. Since the workshop, one attendee has made an investment in a refrigerated truck and cold chain storage and the project has ramped up its work with net houses, a high-impact technology discussed at the workshop. Supported several partners in attending exhibitions and trade fairs to promote their products and find new business partners. Supported a cashew processor in Kampong Thom in strengthening her supply chain and helped her advance plans to construct a new factory. Introduced a Pursat orange buyer with a Battambang fruit processor and facilitated their discussions, which led to a joint investment between both parties. Helped an orange and longan buyer coordinate to provide cash advances to producers to strengthen their supply chain and apply improved practices.
Improved market facilitation to reach high-value markets	<ul style="list-style-type: none"> Supported a fruit processor in Battambang in connecting with local retail outlets during the pandemic. Linked a mango supplier to a distribution company in Singapore, thus allowing the mango company to reach a new high-end market and capture premium pricing. Supported a fruit processor in Battambang in connecting with a Japanese company to export processed fruit to Japan.
Sub-Purpose 3: Improved Governance and the Enabling Environment	
Horticulture sector advocacy and coordination platforms strengthened	<ul style="list-style-type: none"> Interviewed private sector actors, development partners and NGOs to gather information to prioritize constraints and emerging issues in the horticulture sector.
RGC capacity to address constraints improved	<ul style="list-style-type: none"> Collaborated with the Department of Agro-Industry (DAI) to develop priority policies and initiatives: Contract Farming Policy, Contract Farming Law, Prakas on Dispute Resolution Procedures, and Draft Law on Quality and Safety of Agricultural Products. Drafted and translated the Cashew Policy into the Khmer language. Supported GDA/MAFF (Ministry of Agriculture, Forestry and Fisheries) in developing a Cambodia Horticulture Policy and a Plant Protection and Quarantine Strategic Development Plan.



Harvest II facilitated an exposure visit for vegetable actors working to meet GAP and PGS standards to learn about best post-harvest and packaging practices in Thailand.

I. SUB-PURPOSE I: IMPROVED CAPACITIES FOR MARKET PARTICIPATION

Overview

Over the past year, Cambodia's horticulture sector began to feel the tightening constraints of COVID-19 reverberating across the industry. Price drops, border closures, and postponed and canceled orders continued to expose the need for sector actors to collaborate and become more efficient. Harvest II works to build the capacity of market actors to successfully engage in the market system by improving their financial and business skills, increasing their access to and use of market and production information, and helping them improve supply chains and value addition. Focusing on these building blocks and working closely with market actors, Harvest II helps system actors assess, address, and adjust to the unique challenges presented by COVID and generate sustainable growth.

KIA I.1 FINANCIAL AND BUSINESS SKILLS IMPROVED

Improved business and financial skills for market participation

- *Built firms' business and financial management capacity.* Many Cambodian horticulture sector actors have limited financial and business management skills, thus impeding their ability to access finance and grow their businesses. In the last quarter, Harvest II awarded a grant to Kiu to provide training to 192 micro-merchants and farmers on BMP and POS systems to help these actors more efficiently manage their businesses. The Cambodia Microfinance Association (CMA) has also provided training on financial and business knowledge to 4 MFI members, strengthening their capacity to deliver quality financial advice and education to MFI clients, including horticulture producers and MSMEs.

KIA I.2 ACCESS TO MARKET INFORMATION INCREASED; PRODUCTION AND SUPPLY CHAIN MANAGEMENT PRACTICES IMPROVED

Increased production capacity and access to market information, capturing improved prices and productivity gains

- *Provided timely pricing information to partners experiencing disruptions due to COVID-19.* As Cambodia's borders closed in response to the pandemic, corresponding with peak cashew buying season, international cashew buyers failed to appear. This severely impacted Cambodia's

cashew nut holders, including Harvest II's commercial partners who reported drying their cashew nuts and waiting for buyers and better pricing options. Harvest II coordinated daily cashew pricing updates to their commercial buyers and suppliers to assist decision making concerning where and when to sell.

- *Facilitated an exposure visit to build capacity and strengthen relationships.* Harvest II coordinated three exposure visits for vegetable, longan, and cashew actors. The first exposure visit was organized for 11 longan actors including buyers, an association, and an input supply company to Chanthaburi province, Thailand to learn about improved practices and services (spraying, pruning, harvesting, etc.) and quality inputs to farmers. The second visit was organized for eight vegetable actors including an AC, wholesalers, and input dealers all of whom are working to meet GAP and Participatory Guarantee System (PGS) standards to Udon Thani province in Thailand to learn about post-harvest practices and packaging. The third visit was dedicated to eight cashew actors including an AC, buyers, and processor as well as government partners to Preah Vihea, Mondul Kiri, and Kratie provinces to learn about post-harvest handling and supply chain management. These visits not only taught partners new practices but also facilitated connections, collaboration, and knowledge sharing with their peers.
- *Encouraged the adoption of net houses.* As demand for safe and organic vegetables continues growing, Harvest II is working with a number of partners like Tasei AC in Battambang to help them learn improved practices for vegetables production under net housing. Harvest II helped Tasei AC connect with input dealers like Song Mouy and TK Seeds for quality seeds, and Husk Ventures for organic fertilizers, and learn new techniques about the net house production model from an expert in Thailand during the exposure visit. Tasei AC started with seven net houses in 2019 and after observing the benefits, officially launched its new enterprise in May 2020, providing building services to AC members and other farmers. Using information from farmers' experiences, Harvest II prepared an analysis of net house costs and benefits to help farmers make informed decisions about the use of this technology. So far, Tasei AC has built 200 net houses for 65 farmers in Battambang.
- *Improved production utilizing virtual trainings.* Due to social distancing guidelines during the pandemic, a number of Harvest II partners and grantees such as AGID and EWS began conducting online training utilizing Facebook's live video, enabling live-streaming and live question and answer sessions with experts regarding techniques for vegetable and mango production. As the health threats appeared under control, AGID started to conduct on-site management training to 233 mango suppliers in Battambang and Siem Reap and followed up with on-farm coaching. EWS also conducted similar training focused on vegetable production and developed six videos highlighting improved technical production, which it shared through its Facebook page as an online training tool for farmers.
- *Supported longan subsector actors in improving the quality of their produce in line with Cam-GAP standards.* Harvest II supported the GDA and PDAFF to deliver Cam-GAP training to 222 participants in Battambang. The training targeted production practices and product quality, teaching producers to conduct food safety risk assessments, adopt sound environmental practices, and safeguard workers' health. The project will identify longan actors who might be interested in applying to the grants program to assist farmers in obtaining Cam-GAP certification with GDA, ultimately increasing the quality and safety of products.

Improved supply chains and diversified markets in response to pandemic disruptions

- *Strengthening commitments and diversifying markets.* Following Harvest II's guidance, Siem Reap mango buyer Ms. Ouk Sinin is working with her suppliers on a buy-back scheme for off-season

mango, pre-financing fertilizers, and crop protection products while working with input supply company Kong Vannak to coordinate technical assistance and input provisions to mango suppliers.

- *Adopted new supply chain management strategies.* After receiving advice from Harvest II regarding solutions to address pandemic constraints, a vegetable buyer, Ms. Chan Toeuch, is coordinating with producers to diversify products and rotate crops so they are not dependent on the price of any one crop. She is encouraging them to exclusively sell to her year-round, and in turn committing to buy everything they produce, even during peak vegetable season. Similarly, Sok Chantha, a vegetable buyer who previously exclusively sourced cucumbers established a new collaboration with seed company Green Eagle to promote crop diversification for farmers.

Table 3. Repeated Use of Improved Supply Chain Management Practices

Improved Practice	Vegetable	Mango	Longan	Cashew	Other
Formal or informal supply chain financing adopted by market actors	1	0	1	1	-
Adoption of improved post-harvest handling practices	123	37	66	42	58 (turmeric) 15 (orange)
Creation of, or improvements to, value addition	50	2	0	55	-
Adherence to recognized production and food safety standards	9	1	13	0	-
Improvement in purchasing or coordination functions	116	14	5	5	-
Formal or informal contract farming agreements	41	52	40	15	-
Adoption of innovative technology solutions	15	1	1	3	1 (orange)
Adoption of improved practices to generate more profit	32	105	40	2	-
Improvement in business skills to increase sales	3	1	2	3	-
Total instances of individuals repeatedly using an improved practice	390	213	168	126	16
Number of unique individuals² repeatedly using at least one improved practice	248	176	66	55	74

- *Promoted formal agreements utilizing contract farming.* Many farmers face challenges finding reliable markets while some buyers face challenges finding consistent and quality supply. Harvest II has supported AGID in promoting improved farm management services and developing contract farming with 52 mango farmers, leading to the export of an estimated of more than 1,500 tons of fresh mango. Harvest II also supported a cashew processor in Kampong Thom, Ms. Laihourt, in developing contract farming with seven model cashew producers to ensure that she could meet her buyer's required quantity and quality specifications. NAV, a vegetable wholesaler and retail buyer, benefited from Harvest II grant support to form contract farming agreements with more than 50 producers in Battambang, Pursat, and Siem Reap to ensure a consistent supply of organic and safe products for the local market. Contract farming offers promise as a sustainable model to increase farmer productivity and improve supply chain coordination across the subsectors.

² Only the number of unique individuals adopting at least one new SCM practice are counted; the number is less than total adoptions given that some individuals adopt more than one practice.

- *Vegetable actors demonstrate adaptability.* Many people were wary of venturing outside to purchase products due to the COVID-19 pandemic, which heavily impacted the horticulture sector in Cambodia. However, many actors in this sector devised new ways to communicate indirectly through social media applications like Facebook and Telegram. Laey Baitong and NAV began home delivery of vegetables and fruits to their customers through mobile and online ordering, which helped them to continue their business transactions without a sizable reduction in sales. Harvest II helped Laey Baitong with their new strategy, linking them with the new suppliers and service providers who made this shift in their business model possible.

KIA 1.3 FINANCIAL OPPORTUNITIES INCREASED

- *Assisted multiple market actors to access appropriate financing.* As a result of information and coaching on loan requirements and document preparation provided by Harvest II, four SMEs received \$50,048 of loans from four MFIs (Prasac, Amret, Chamroeun, and Sathapana MFIs). These businesses will use the loans for working capital to expand their businesses – e.g., they will increase their purchase of cashew and mango, provide inputs for longan and mango producers, expand their supply credit, and set up a new agricultural inputs store. In FY20, the four businesses disbursed cash advances / input credit of \$260,507 to 121 farmers.
- *Helped market actors access supply chain financing.* Through Harvest II's grant, AMK made progress in developing its Supply Chain Financing (SCF) Model and introduced these new customized financial products and services to 15 SMEs (five processors, six retail shops, four in Fintech, other businesses) during a SCF workshop and one-to-one matching with subsector actors. As a result, In FY20Q4, AMK approved supply chain financing for Azyalla to manage its cash flow during the 30-45 days they were awaiting payment from their retail market buyers per standard payment terms. In addition, the project connected AMK with Mr. Bunthoeun Yim, a longan commercial partnership buyer in Battambang. After several follow-up meetings between the two, AMK accepted Mr. Bunthoeun's loan proposal. The additional financing will assist Mr. Bunthoeun by doubling his working capital and increasing his ability to purchase fresh longan during the harvest season.

PLANS FOR FY21

Financial and business skills improved

- *Adaptability to changing market conditions.* The project will make sure that key innovators know about the grants program and understand how to apply. In particular, it will seek to interest companies that have the management capabilities and essential resources to develop innovative products and services in response to changing market demands during the pandemic. It will also seek out companies with demonstrated practices fostering sustainable landscapes.
- *Financial management and business expansion skills.* Harvest II will assist a number of promising firms to identify needed areas for improvement and link them to appropriate financial and business service providers to provide business management coaching and financial solutions.
- *Access to Enterprise Resource Planning (ERP) platform.* Harvest II will continue helping companies like Kiu and Banhji to introduce their ERP business management systems to firms and ACs to help track and manage business operations using multiple functions related to POS technology, stock inventory management systems, and sales data.
- *Access to financial opportunities.* Harvest II will continue connecting its CP partners and grantees to access financial products and lending opportunities from AMK-SCF who provide flexible financing products and services. Harvest II will continue connecting additional firms, buyers,

processors, and exporters with financial institutions, introducing new financial arrangements and products through digital financial service platforms like AMK, KiU, Banhji and Agribuddy.

Production and supply chain management practices improved

- *Product quality assurance standards.* Harvest II will work with multiple market players such as NASTO, GDA, and PDAFF to promote PGS and GAP standards by facilitating training and conducting traceability monitoring.
- *Innovative technologies for farmers.* Harvest II will work with a number of input firms such as Drone Khmer Technology and Smart Farm Assistance to introduce farmers to innovative applications enhancing drip irrigation systems as well as spraying utilizing drones.
- *Access to quality inputs and technical production information.* Harvest II will continue to work with input firms, ACs, technical service providers, and buyers to build the technical capacity of producers while expanding their access to quality and reliable inputs.
- *Supply chain management practices.* Harvest II will promote safe and organic horticultural products including vegetable, longan, mango, and cashew by building the capacity of market actors through exposure visits, business matching, and workshops as well as sustainable supply chain traceability systems.

Market diversification and value addition increased

- *Post-harvest handling.* Harvest II will work across the subsectors to improve post-harvest handling to increase the quality of products as well as promote processed value-added products utilizing a consultant to conduct quality surveys and perform desk research that will assist in the selection of processors willing to source locally grown, safe products from Harvest II suppliers.
- *Product and market diversification strategy.* Harvest II will strategize with firms to provide solutions engaging agriproduct logistics and promote packaging and branding solutions.
- *Processing capacity.* Harvest II will organize an international exposure visit and workshop for domestic processors to gain knowledge and understanding about processing techniques, business and operations management, and supply chain management from regional processors and markets.



Mr. Michael, owner of Misota visited Mr. Sopheap's orange farm as part of their joint investment to scale up supply capacity for Mr. Sopheap and quality orange for processing at Misota's factory

2. SUB-PURPOSE 2: IMPROVED MARKET LINKAGES

As COVID-19 revealed the value of the mutually beneficial partnerships that Harvest II works so diligently to foster and facilitate, the project placed increased emphasis on helping its buyers and producers expand their business relationships to other actors in the market system. Playing a facilitative role, Harvest II connects CP buyers and producers to other marketplace actors, including financial institutions and input supply companies and retailers, and encourages these firms to expand their products and services, in part by developing incentives for increased investment and engagement. This year, Harvest II worked with buyers and producers to identify their evolving needs in the heavily impacted market and connected them with potential partners such as processors, exporters, and local and international distributors. Harvest II focused on encouraging innovative collaboration that captured new development and growth opportunities.

KIA 2.1 LINKAGES BETWEEN VALUE CHAIN ACTORS CREATED

Strengthened connections among market actors to create alternative solutions to market challenges

- *Commercial partnership strengthening.* Harvest II has assisted 42 CPs to date. 15 CPs in the vegetable subsector helping them develop and sign action plans mapping out how they will work together. Harvest II also assisted three CPs in the longan subsector, six CPs in mango, 16 CPs in the cashew subsector, and two in non-subsector, pepper and orange. Harvest II connected these actors with input firms to provide quality inputs and receive appropriate training. Additionally, Harvest II connected several CPs with government projects to promote their products through exhibitions and trade fairs.
- *Expanded services and networks thanks to CHAs.* Harvest II supported Kimsong, an input dealer in Battambang, recruit an agronomy graduate from the University of Battambang (UBB) as a HA. The CHA assists Kimsong to foster relationships with retailers and farmers and provides them with customized support. Replicating this model, the AC Ponleu Pich Chenda also recruited two CHAs from the Royal University of Agriculture (RUA) in Phnom Penh to sell inputs and provide technical services for longan producers. The CHAs have provided these actors a new method of providing better support and services while addressing their business needs and the needs of the community.

- A new partnership addresses a drop in mango pricing. As the market experienced a concerning drop in prices of approximately 65% during the mango season between April and May, Harvest II met with, advised, and demonstrated examples of model partnerships to the Kampong Speu Mango Association and the management of DT Plantation. Soon thereafter, the two parties partnered to establish a new company and factory to absorb fresh, seasonal mango and process dried mango, juice, and puree to supply international markets. Factory construction is expected to be completed in early 2021.

Table 4. Participation in Commercial Partnerships; Incremental Sales

Crop Type		# of Buyers	# of Suppliers	FY20 Incremental Sales at Farm Gate (US\$)
Vegetables ³		15	282	\$2,864,342 ⁴
Mango		6	87	\$630,136
Longan		3	107	\$2,126,386
Cashew		16	427	\$5,142,871
Other Crops	Peppercorn	1	10	\$1,828,274
	Orange	1	15	\$1,049,680
Total		42	928	\$13,641,689

KIA 2.2 MARKET INCENTIVES FOR PRIVATE SECTOR ENGAGEMENT AND INVESTMENT DEVELOPED

Improved coordination to establish a new business partnership and boost private sector investment

- *Organized a forum to promote investment in the vegetable subsector.* Harvest II organized a vegetable investor workshop to share key findings from a market survey focused on the demand for locally-grown and safe vegetables and opportunities for investment. This was followed by a panel discussion and audience Q&A involving wholesalers, retailers, input supply companies, finance and investment actors, and development projects. Panelists shared insights about how they responded to the increasing demand and Harvest II highlighted implications for potential investors.
- *Promoted products through trade fairs and exhibitions.* Harvest II supported Laey Baitong's participation in the Accelerating Inclusive Markets for Smallholders (AIMS) project's weekly Farmers Market venture. The project also supported the participation of other partners, including a cashew processor and peppercorn exporter, in the River Festival in Battambang. Similarly, Harvest II supported Rim Krai, a vegetable buyer in Siem Reap in setting up a booth at the annual Fruit and Vegetable Exhibition. These events provided an opportunity for these innovators to display and promote awareness of the benefits of local, safe, and organic products to local consumers and identify new potential business partners. Laey Baitong has observed a noticeable increase in sales and Rim Krai is now connected with Makro, which is now regularly sourcing his product.

³ Vegetables include chili, cabbage, eggplant, long beans, wax gourd, cucumber and other mixed vegetables.

⁴ Vegetable sales equaled 41% of the FY20 target of \$7,000,000.

- *New investment in cashew processing facility.* After strengthening her supply chain and quality management thanks to connections and an exposure visit facilitated by Harvest II, Kampong Thom cashew processor Ms. In Laihourt is constructing a new processing facility to serve domestic and international markets. She received an interest-free loan from her customer Top Planning Japan Co., which buys her processed cashew nut for export to Japan. Factory construction is in progress and is expected to be completed by December 2020.

Table 5. New Private Sector Investment by Subsector, Province

Province	Vegetable	Mango	Longan	Cashew	Other ⁵	FY20 Value of Investment (US\$)
Battambang	\$558,606	\$445,711	\$2,802,697	\$33,003	\$211,409	\$4,051,426
Pursat	\$44,373	-	-	\$13,001	\$271,878	\$329,252
Siem Reap	\$379,789	-	-	\$15,197	-	\$394,986
Kampong Thom	\$47,933	-	-	\$420,653	-	\$468,586
Preah Vihear	-	-	-	\$499,293	-	\$499,293
Kampong Speu	-	\$607,225	-	-	-	\$607,225
Phnom Penh	\$38,017	-	-	-	-	\$38,017
Total	\$1,068,718	\$1,052,936	\$2,802,697	\$981,147	\$483,287	\$6,388,785

- *A new business partnership captures international markets.* Harvest II has been working with Pursat-based orange buyer Mr. Khun Sopheap to improve production by connecting with input firms and conducting exposure visits, formalizing agreements with producers, as well as connecting to Battambang fruit processor Misota. As the connection strengthened, Misota decided to partner with Mr. Sopheap to make a joint investment that allows both parties to expand their businesses. This partnership has scaled up supply capacity for Mr. Sopheap while Misota can source quality orange for processing to meet international demand.
- *Provided cash advances to ensure quality and consistent supply.* As a result of the joint investment with Misota, orange buyer Khun Sopheap provided cash advances to 15 producers to source a consistent supply of oranges. Longan processor and exporter Yim Bunthoeun developed purchasing agreements and provided cash advances to his suppliers as they applied the practices from Cam-GAP training facilitated by Harvest II. Mr. Bunthoeun also invested in dorms for his employees at his new processing plant in Pailin to ease labor shortages during the peak season.

KIA 2.3 MARKET CHAIN COORDINATION IMPROVED

Market linkages to high-value markets for fresh and processed products

- *Facilitated linkages with modern retail outlets.* During the pandemic, many processors like Misota faced challenges exporting or finding new markets for their products. Harvest II helped link Misota, not with export markets as planned, but with local modern retail outlets such as Makro and Lucky Supermarket. Makro and Lucky both tested Misota's dried fruit products and found the quality met their standards. Both parties are now discussing terms and conditions before entering a long-term partnership agreement. This is a new method of collaboration to reach new markets in response to disruptions caused by the pandemic.

⁵ Other includes cash advances offered to orange and longan suppliers.

- *Linked mango exporter to premium markets in Singapore.* Harvest II linked Angkor Harvest to a distribution company in Singapore, allowing Angkor Harvest to penetrate a new high-end market and capture premium pricing. The product was approved for entry into Singapore and Angkor Harvest has shipped 12 tons of fresh mango with an average price five times higher than neighboring countries such as Thailand and Vietnam. Harvest II continues to connect Angkor Harvest II with mango suppliers in the ZOI to source quality mango meeting the high-value market specifications. This connection not only provides the opportunity for mango suppliers and exporters but also promotes Cambodian mango to international markets.
- *Collaborating to process and export dried fruit to Japan.* Facilitated by Harvest II, Battambang fruit processing company Misota partnered with Japan Farm Product to process and export dried fruit to the Japanese market. Japan Farm Product provided technical staff to train the Misota team on processing techniques, hygiene practices, and factory management, all to meet Japan's quality standards. To test the success of the new processing techniques and finished product, 15 tons of Japanese mandarin were imported to Cambodia, processed, and exported back to Japan. The pilot was deemed a success. The collaboration provides Misota access to crucial market knowledge about standards, generates revenue, and offers them an opportunity to expand beyond their core activities in mango.

PLANS FOR FY21

For FY21, Harvest II's sub-purpose 2, building market linkages, will be greatly influenced by the lessons learned from the pandemic's disruption this year. As market actors seek to increase resilience to disruption, they are quickly moving to diversify markets (and their sources of income). Harvest II will play a facilitative role with input providers, farmers, processors and retailers as they all seek to diversify their target buyers, introduce new product offerings, and adopt industry standards.

Linkages between value chain actors created

- *Strengthen commercial partnerships.* Harvest II will continue to support existing and new commercial partners by helping them identify challenges and opportunities, and linking them with input suppliers and other service providers.
- *Increase linkages to new retail markets and consumers.* Harvest II will promote safe and organic vegetables in partnership with ACs and commercial-scale producers to improve the quality of products and link to specialty buyers.

Market incentive and private sector investment developed

- *Increase awareness of investment opportunities.* Harvest II will encourage business matching utilizing exchange visits, trade fairs, and export market training events to connect potential partners, boost investment, and promote access to new markets.
- *Increase high priority investments.* Harvest II will work with private sector partners to identify constraints, pinpoint business and investment opportunities, and approach private firms/investors to invest in priority areas that will propel the growth of the horticulture sector.
- *Strengthen public-private sector engagement.* Harvest II will collaborate with key business associations to identify trade and logistics constraints in the horticulture sector and developing practical solutions for these challenges working through private sector solution providers, government and other relevant stakeholders.

Market chain coordination improved

- *Increase formal agreements with retail outlets.* Harvest II will continue to connect Cambodian retail outlets with processing firms and producer organizations that demonstrate their ability to provide quality products.
- *Identify potential export market linkages.* Harvest II will work closely with partners to conduct an assessment of trade challenges to identify and provide impactful, customized solutions. Harvest II will establish direct links between buyers/processors and potential international markets as well as work to provide marketing assistance including testing, certification, packaging, etc. to expand access to high-end markets.

Vegetable Investor Workshop

January 28th 2020 Himawari Hotel

Organized by Harvest II
and the Future Cambodia Harvest II



Harvest II hosted a workshop to share market research on the growing demand for safe vegetables and discuss investment opportunities. Here, panelists discuss their response to new opportunities in this market.

3. SUB-PURPOSE 3: IMPROVED GOVERNANCE AND ENABLING ENVIRONMENT

Harvest II engages government entities, the private sector, and civil society organizations to help create a policy and regulatory environment in which private sector concerns are taken into consideration and stakeholders work together to address constraints and promote sustainable growth in the horticulture sector. In FY20, Harvest II collaborated with various ministries, departments, and groups to support the development of policies, action plans, and laws. Key initiatives involved support to DAI, GDA/MAFF, and MoC.

KIA 3.1 HORTICULTURE SECTOR ADVOCACY AND COORDINATION PLATFORMS STRENGTHENED

Formulated a strategy to strengthen the fruit and vegetable subsector

- *Attended meetings with the Fruit and Vegetable Working Group (FVWG).* Harvest II attended a series of meetings with private sector, development partners, and NGOs to gather information pertaining to constraints and issues arising in the horticulture sector, share insight as well as comments, suggestions, and solutions to address constraints and issues regularly.

KIA 3.2 RGC CAPACITY TO ADDRESS HORTICULTURE CONSTRAINTS IMPROVED

Supported the government developing policies to address horticulture constraints

- *Worked with DAI to discuss progress and plan the next steps for various policy initiatives.* Harvest II collaborated with the DAI to develop policy priorities and initiatives. Specifically, the following was developed:
 - *Contract Farming Policy.* Harvest II and DAI produced policy recommendations after conducting analytical work and key consultations.
 - *Contract Farming Law.* Harvest II and DAI drafted the law and the Development of Contract Farming Law Committee of MAFF and Ministry of Justice (MoJ) reviewed it.
 - *Prakas on Dispute Resolution Procedures.* Harvest II and DAI drafted and translated the Prakas into Khmer.
 - *Draft Law on Quality and Safety of Agricultural Products.* Harvest II and DAI updated the legal aspects of the draft law after conducting a needs assessment.

- *Drafted and translated the Cashew Policy into the Khmer language.* Harvest II collaborated with the MoC and other development partners to draft and translate the Cashew Policy into Khmer language after conducting the analytical work, key consultations, and reviews.
- *Supported GDA/MAFF in developing a policy and 5-year strategic development plan:*
 - Harvest II worked with Department of Horticulture and Subsidiary Crops (DHSC) to draft and review the National Horticulture Policy.
 - Harvest II worked with Department of Plant Protection and Sanitary and Phyto-Sanitary (DPPSPS) to formulate Plant Protection and Quarantine Strategic Development Plan. The work plan and TORs concerning technical assistance for this strategic plan formulation were revised after a long pause due to the excessive work of DPPSPS.

Table 6. Harvest II policy work, by policy stage

#	Policy	Key Collaborators	Stage 1: Analysis	Stage 2: Consultation	Stage 3: Drafting	Stage 4: Approval	Stage 5: Implemented	Project Year When Target Achieved / Planned
1	Agricultural Sector Master Plan (ASMP) 2030 Crops (and Livestock)	MAFF and Harvest II	X	X	X			Year 1
2	Agri-business Value Chain for Export Enhancement Chapter 8	MoC and Harvest II	X	X	X	X		Year 2
3	Development of National Horticulture Policy 2019-2030	DHSC and Harvest II	X	X	X			Year 2
4	Development of Contract Farming Law	DAI and Harvest II	X	X	X			Year 2
5	Development of Dispute Resolution (Prakas)	DAI and Harvest II	X	X	X			Year 3
6	Development of Contract Farming Policy	DAI/MAFF and Harvest II	X					Year 3
7	Update Draft Quality and Safety of Agricultural Products Law	DAI/MAFF and Harvest II	Completed before Harvest II		X			Year 3
8	Development of Cashew Policy	MoC, Harvest II, and HEKS	X	X	X			Year 3
9	Formulate Plant Protection and Quarantine Strategic Plan 2019-2023	DPPSPS and Harvest II	Planned					Year 4
10	Seed Health Prakas	DPPSPS/GDA and Harvest II	Planned					Year 4
11	Banana Crop Production Action Plan	MAFF, MoC and Harvest II	Planned					Year 4
12	Longan Crop Production Action Plan	MAFF, MoC and Harvest II	Planned					Year 4
13	Mango Crop Production Action Plan	MAFF, MoC and Harvest II	Planned					Year 4
14	Pepper Crop Production Action Plan	MAFF, MoC and Harvest II	Planned					Year 5
15	Cashew Crop Production Action Plan	MAFF, MoC and Harvest II	Planned					Year 5
16	Agricultural Processed Products Inspection Guideline	DAI/MAFF and Harvest II	Planned					Year 5
17	Investment on Agricultural Processing Guideline	DAI/MAFF and Harvest II	Planned					Year 5

KIA 3.3 PUBLIC-PRIVATE DIALOGUE ENCOURAGED

Explored support mechanisms to advocate for solutions to issues raised during the PPDs

- *Explored solutions to issues identified through Public-Private Dialogues (PPDs).* To build on the foundation established through PPDs organized by Harvest II in FY18, Harvest II continued to capitalize on collaborations with Cashew Working Group (CWG) and FVWG using meetings and workshops to promote awareness and concrete solutions to issues raised during the PPDs.

PLANS FOR FY21

Strengthen horticulture sector advocacy and coordination platforms

- Harvest II's Policy and Investment Experts will continue to work closely with FVWG and CWG to promote sustainable advancement and growth across the sectors through the support of advocacy and coordination.

Improve RGC capacity to address horticulture constraints

- *Draft National Horticulture Policy 2019-2030.* Harvest II's Technical Expert on Agriculture Policy will use input from stakeholders generated during consultative workshops to assist with drafting the policy. Harvest II aims to complete the finalized draft in FY21.
- *Develop Cashew Policy.* Harvest II will coordinate and organize consultative workshops with stakeholders to gather input towards the policy. Harvest II will observe cashew processing sites and consult with key stakeholders, gathering empirical data to ensure inclusivity across all levels.
- *Formulate Contract Farming Policy.* Harvest II will organize workshops at the sub-national and national levels to assist with drafting and finalizing the policy. The Contract Farming Law will build trust between agriculture sector actors in a sustainable, and mutually beneficial manner, enabling improved business relationships and interactions.
- *Draft Law on Quality and Safety of Agricultural Products.* Harvest II aims to update technical aspects of the draft, organizing consultative workshops with stakeholders to gather inputs towards the draft Law, ensuring buy-in from all stakeholders.
- *Formulate Plant Quarantine Strategic Plan 2019-2023.* In collaboration with DPPSPS/MAFF, Harvest II will work to conduct analytical research to formulate strategy outlines. Additionally, Harvest II will organize consultative workshops to collect input regarding the draft Law from stakeholders.
- *Develop Prakas on Dispute Resolution Procedure.* Harvest II will organize a consultative meeting with key stakeholders to solicit input on the drafted Prakas and collect feedback, followed by the development of a finalized draft of the Dispute Resolution Procedure.
- *Develop Contract Farming Law.* Harvest II's Technical Expert for Agriculture Policy will use feedback from consultative workshops with input from the Contract Farming Committee to adjust the current draft of the Contract Farming Law. Harvest II will organize consultative workshops with key stakeholders to solicit input on the drafted Contract Farming Law.
- *Develop a crop production action plan.* Harvest II will conduct analytical research on Cambodia's banana, longan, and mango crop to identify the gap/loop for interventions. The policy team will coordinate consultative workshops with stakeholders to collect input and work with GDA/MAFF to apply the feedback from stakeholders to draft the action plans.
- *Develop Prakas on Seed Health.* Harvest II is working with DPPSPS, GDA, and MAFF to contribute to the development of the Seed Health Prakas. After conducting analytical work to identify the interventions, Harvest II will organize consultative meetings with key stakeholders to solicit knowledge and feedback about seed health.

Encourage public-private dialogue (PPD)

- Harvest II will continue engaging with public and private sectors to promote open dialogue and explore customized solutions and interventions prioritized by national PPD into action.



Harvest II supports a Kampong Thom cashew processor, Ms. Laihourt, in developing contract farming with seven model cashew producers to ensure cashew quantity and meet buyers' specifications.

4. CROSS-CUTTING ISSUES

GENDER AND YOUTH

Harvest II works to mainstream women and youth across project activities designed to build capacity for market engagement and participation, including activities implemented through grants to private sector and development partners. Gender equity and youth empowerment are cross-cutting priorities for the project, and Harvest II uses real-time data to track progress towards project targets for women and youth engagement.

In FY20, 2,489 women and 683 youth were engaged in Harvest II-supported activities to increase access to productive economic resources, comprised of 54.5 percent of female participants and 15 percent youth.

Table 7. FY20 Women and Youth Participants

Type of Partner and Activity	Total Participants	# of Women	% Women	# of Youth	# of Female Youth	% Youth
Buyers improving business management practices	42	9	21%	5	1	12%
Producers adopting production practices (EWS)	1,211	736	61%	166	112	14%
Producers adopting climate change practices (AS)	755	342	45%	99	46	13%
Producers adopting climate change practices (IIRR)	398	316	79%	52	49	13%
Producers improving production practices and sourcing reliable supplies to collectors	1,378	819	59%	196	128	14%
Producers adopting turmeric seed selection and land preparation practice	298	109	37%	74	37	25%
Producers receiving training on GAP and PGS aligned improvement practices (NAV)	196	70	36%	19	4	10%
SME (including farmers) receiving business management training through KiU system	192	56	29%	52	23	27%

Type of Partner and Activity	Total Participants	# of Women	% Women	# of Youth	# of Female Youth	% Youth
SME (including farmers) selling or using bio char products from Husk Ventures	95	32	34%	20	8	21%
Total	4,565	2,489	54.5%	683	408	15%

ENVIRONMENT

Harvest II works to promote environmental stewardship practices among CP members, grantees, and other market actors engaged in project-supported activities, in adherence to the project's commitment to its Environmental Mitigation and Monitoring Plan (EMMP) and following the Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP). Listed below are the main achievements for the environmental safeguard:

- *Encouraged the adoption of improved practices.* Harvest II worked with EWS to test an agro-input retailer coaching program to assist retailers to improve their shop environments and convey technically sound information to their producer clients. EWS installed a flat-screen TV to display videos of production technical guides and SUAP in 25 agro-input dealer shops across the ZOI. EWS technical staff spends at least one full day per month teaching shop owners management skills such as proper storage, shop arrangement, improved shop environmental conditions, and providing technical advice as well as pest and disease identification to farmer clients.
- *Promoted PERSUAP and IPM.* Harvest II hosted an information-sharing conference call with key mango actors to share information concerning pest and disease identification and control as well as distributing PERSUAP documents, which will serve as a reference encouraging environmentally-friendly practices. Together with a volunteer recruited by National Cooperative Business Association CLUSA International (NCBA CLUSA) F2F Program, Harvest II facilitated a webinar on integrated pest management (IPM) cashew to key input supply partners like Angkor Green, VT Grow, and Healing Nature.
- *Conducted environmental review as part of grant pre-award compliance.* During this FY20, Harvest II conducted environmental reviews for eight grantee partners including Angkor Harvest; Twin-Agri Tech; Krassna Management; CMA, AGID, CACC, Azaylla, and Chey Sambo cashew processing handicraft.
- *Developed the PERSUAP amendment.* Harvest II is working with a volunteer from NCBA CLUSA F2F Program to amend the Harvest II approved PERSUAP to introduce IPM for cashew nuts. Harvest II is working to obtain approval from USAID for the amended PERSUAP.

PLANS FOR FY21

Gender and Youth

- Promote women-led entrepreneurs by engaging them with key market players, presenting business opportunities to expand and diversify their markets.
- Through its grant activities, Harvest II will engage businesses that generate a percentage of jobs destined for women.
- Engage youth through Young Entrepreneur Association of Cambodia (YEAC), farming entrepreneurs, and developing technology platforms to diversify business opportunities in response to COVID-19.
- Through new grants, we will encourage youth engagement in capacity building and business innovations for market diversifications.

Environment:

- Prepare and verify environmental reviews for each grant prior to submitting to USAID for approval.
- Implement PERSUAP, including amendments to include the newest, more environmentally friendly pesticides with the support from a F2F volunteer. In addition, provide TOT to technical staff of input supply companies, who will then train their retail networks, who can in turn provide more accurate advice to producers.
- Continue to promote environmentally sound agricultural principles and technologies such as IPM, GAP, PGS, organic, net housing and other climate and water-smart technologies.
- Work with a wholesale market to convert organic waste generated from this market into business opportunities such as converting it into compost fertilizer or renewable energy.



Misota displays their products at the weekly farmers market organized by AIMS. The company introduced dried oranges, a new product, as a result of working with an orange wholesaler in Pursat.

5. COORDINATION EFFORTS

WORK WITH GOVERNMENT

- *Hosted a US trade delegation in partnership with AmCham.* Harvest II organized an investment event in collaboration with AmCham to learn about new investment opportunities in Cambodia's agriculture sector and business opportunities between the United States and Cambodia. Participants from 36 private sector companies, development organizations, and donors participated and networked during the event in January 2020, held in Himawari hotel.
- *Collaborated with AIMS and other partners to launch a weekly farmers market.* In partnership with Harvest II, NGOs, and other private sector actors, AIMS organized a weekly farmers market to promote safe and local products including vegetables, fruits, and livestock in Battambang province. This event is conducted on a weekly basis with participation from private sector actors including the ACs, farmers, vegetable and livestock suppliers, fruit processors, and many more. Harvest II partners, Laey Baitong, Tasei AC, and Misota also set up booths at the events to promote their products and attract new investment.
- *Enhanced Cam-GAP adherence for export markets.* Harvest II supported the GDA and PDAFF to deliver Cam-GAP training to longan producers in Battambang province. The training is extremely beneficial as meeting Cam-GAP standards is required for buyers to respond to export demands.

WORK WITH OTHER PROJECTS

- *Collaborated with IVY and HEKS to organize an exposure visit for cashew actors.* Harvest II collaborated with IVY and HEKS projects as well as government officials from the Provincial Department of Agriculture, Forestry and Fisheries, and Department of Commerce to organize an exposure visit for cashew actors to Preah Vihea, Mondulkiri, and Kratie provinces to learn about harvesting, post-harvest handling, and supply chain management. This helps participants learn new practices and building new relationships with multiple actors.
- *Collaborated with NCBA CLUSA Farmer to Farmer Program.* Harvest II has worked with NCBA CLUSA to conduct a training needs assessment for Harvest II commercial partners. Based on the assessment, several training topics were identified and NCBA CLUSA agreed to recruit five volunteers from the US to assist in providing training to Harvest II commercial partners. Due to the pandemic, only one volunteer was recruited to conduct a virtual ToT on IPM for cashews. Once the pandemic situation improves, Harvest II will work with NCBA CLUSA to recruit four additional volunteers to provide training directly to commercial partners in longan, mango, and vegetable subsectors.

6. OPERATIONS & GRANTS MANAGEMENT

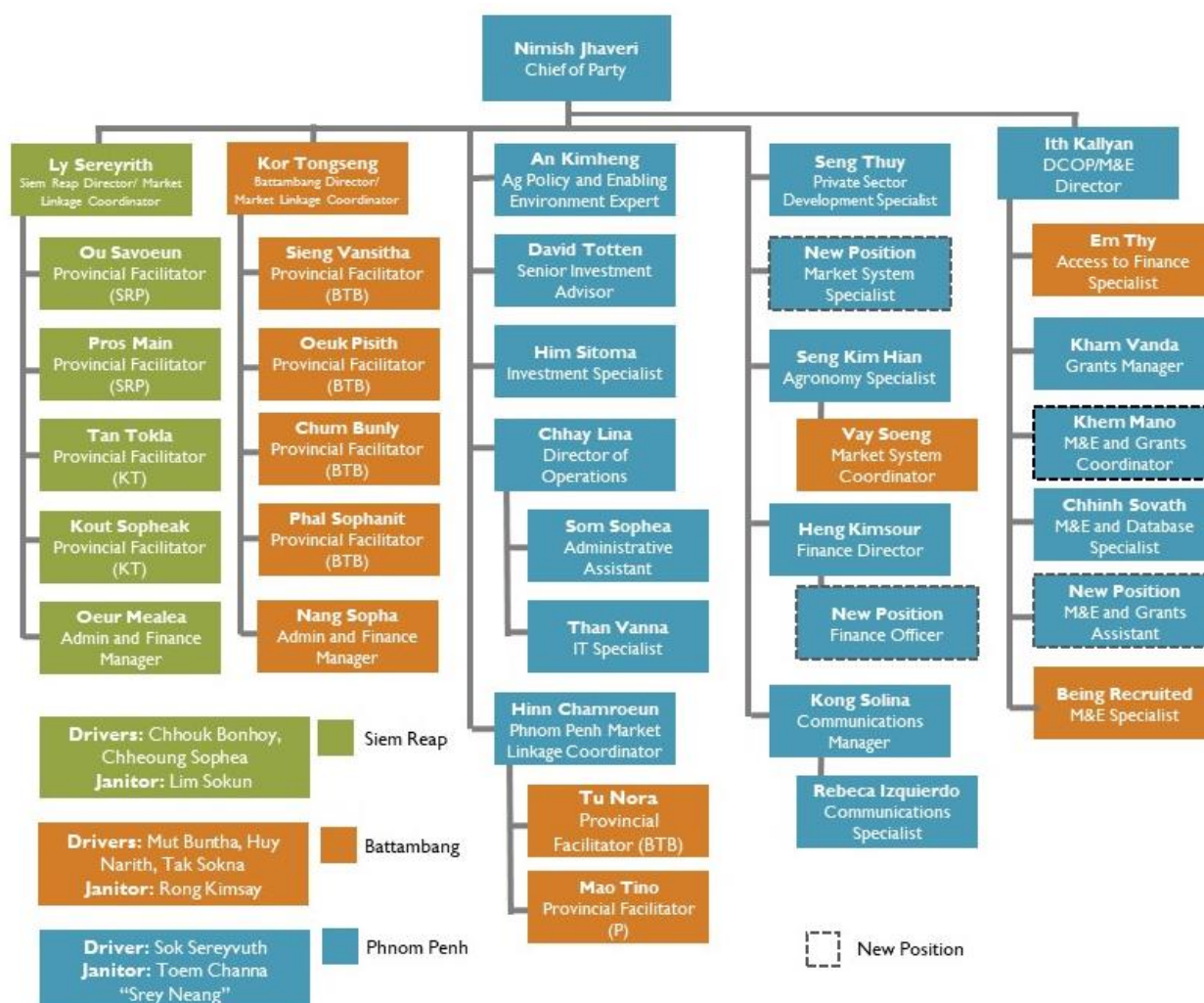
OPERATIONS

Personnel transitions. The new Chief of Party arrived at post in January, and working closely with the home office Project Director, met with staff, partners, and government counterparts as part of his project orientation. The former M&E Director was promoted to the Deputy Chief of Party position, a staff realignment that has helped to streamline the project management structure and strengthen overall leadership. The replacements for the Finance and Investment Specialist and Grants Manager were identified and began work in Q3.

In response to additional funds from USAID, the project is recruiting three additional staff: a Finance Officer, M&E Specialist, and M&E and Grants Assistant. The finalist has been identified for the M&E Specialist. The other two positions are still in the recruitment process.

COVID response. Addressing the COVID-19 pandemic, Harvest II prepared guidelines to facilitate the new telework that went into effect in April. Harvest II main and field offices are still available to staff, provided that they request access and gain approval from their supervisors, ensuring limited contact and respecting limitations on office capacity. As the COVID situation in Cambodia has improved, the operations team is revising the COVID guidelines to fully re-open site offices in mid-October.

Figure I. Harvest II Organizational Chart



GRANTS MANAGEMENT

Harvest II utilizes grants to mobilize investments, support improved practices and new approaches, and catalyze change in the market system. Table 8 provides an overview of grant obligations and spending under each grant program. In addition, since issuing the 2020 Grants Program Statements (GPS), Harvest II has received 51 concept papers, of which 46 (34 Horticultural Solutions, 12 Investment Accelerator) have advanced to the full application stage. The team expects to award all grants under the 2020 round 1 of Grant Program Statements by December 2020. For round 2, the GPS submission period is open until October 31, 2020 and the grants for round 2 are expected to be awarded by the end of February 2021.

Grantee accomplishments are detailed in Annex B2. Key highlights from FY20 include:

- **Horticultural Solutions.** Continued to support eight active grantees. Of particular note:
 - *Natural Agriculture Village (NAV).* In FY20, NAV purchased GAP-aligned fruits and vegetables from at least 50 suppliers through contract farming arrangements in Battambang, Pursat, and Siem Reap. Following GAP and PGS training and adoption, 136 farmers generated sales of \$737,398 in FY20 (resulting in \$799,035 farm-level sales to date). With NAV's facilitation in purchasing arrangements, suppliers sold their quality produce to six additional vegetable retail shops and traders.
 - *East-West Seed (EWS).* Developed four videos for social media to share agronomic information with the farmer customers of EWS's input dealers, mainly based in Battambang and Siem Reap. 1,378 farmers received production training from EWS. Following the training and TA, EWS formed 33 CPs resulting in farm-level sales of \$1,561,719.
 - *Husk Ventures.* As its first grant project comes to a close, Husk has expanded its product line to include vinegar and fertilizer. Resulting from the introduction of biochar products in Battambang, \$37,908 of sales on biochar and insect repellent was generated by twelve agro-input dealers/retailers. Additionally, 200 farmers adopted improved farm practices by using the biochar product, resulting in a 25% increase in yield production of leafy vegetables, bitter melon, and cucumber.
 - *Angkor Green.* Conducted online training utilizing Facebook's live video to focus on mango technical production and also provided on-site management training to 233 mango suppliers in Battambang and Siem Reap. AGID also initiated contract farming with 52 mango suppliers to source fresh mango resulting in at least 1,500 tons for export to Japan and Thailand beginning November 2020.
 - *Krassna* exported over 5 tons of processed turmeric to Synthite Vietnam LLC, a Vietnamese buyer that will place an additional order of up to 500 metric tons next year. This buyer will also support the development of a laboratory facility in Phnom Penh that will allow Krassna to test moisture and curcumin levels in its turmeric products to meet ASTA's (American Spice Trade Association) criteria.
- **Investment Accelerator.** Continued to support grantees, as indicated below:
 - *Azyalla.* Focused on the development of sustainable supply chains, Azyalla is sourcing from around 30 farmers to reliably supply retail markets such as Chip Mong, and Super Duper. As the company began experiencing disruptions caused by COVID-19, Azyalla increased purchasing to supply Grocerdel, the B2C home-delivery app platform that ramped up sales during the pandemic. Azyalla's work to aggressively sign up

customers and establish dependable and efficient sourcing proved key in strategically navigating the pandemic's constraints and growing quickly in its first year. At the end of September, Azaylla made its first capital investment in a cold truck and cold-chain storage and will purchase additional equipment within the next two quarters of FY21.

- *Twin Agri*. Recruited eleven full-time staff to conduct business operations in Cambodia. Although facing challenges with the delivery of the bio-digester and other equipment from Singapore to Cambodia due to the COVID situation, Twin Agri still managed to ship some equipment by September 2020. The bio-digester will arrive in Cambodia in FY21Q1.
- *Misota*. Sourced orange and pineapple to dry and sell to Japan Farm Products for export to Japanese markets in addition to supplying dried mango and other dried fruits in domestic supermarkets. The Harvest II team continues to link Misota to multiple supermarkets in Phnom Penh.
- *Angkor Harvest*. With complications around Angkor Harvest's management, the mango processor was unable to invest as planned. They reported that they would not be able to qualify for any milestone payments and their grant was closed, thus freeing up project funds for other potential investors. Nonetheless, Angkor Harvest was able to successfully export fresh mango to Singapore and Harvest II helped them connect with a couple of promising investors for the development of a mango project to export fresh and processed mango for domestic and international markets.

Table 8: Overview of spending under grants program

Program	Number of Grants	Obligated Amount	Disbursed as of September 30, 2020
Climate Change	2	\$171,395	\$171,395
Horticultural Solutions	11	\$775,787	\$524,103
Investment Accelerator	5	\$281,450	\$195,950
Testing Vegetable Innovations	1	\$24,140	\$24,140
Total	19	\$1,252,772	\$915,588

7. COMMUNICATIONS

Harvest II uses multiple channels to communicate project messages to a variety of audiences, including project partners, stakeholders, and the public at large. Harvest II's approach emphasizes Facebook as a platform to share short content write-ups, photos, and videos. The project's Facebook page (www.facebook.com/CambodiaHarvestII) had reached more than 5,800 followers by the end of FY20.

In FY20, Harvest II conducted the following communications activities:

- *Developed success stories showcasing accomplishments of project partners.* In FY20, Harvest II developed seven success stories featuring a range of market actors, including farmers, buyers, input suppliers, processors, an MFI, and government counterparts. The stories focused on new methods of collaboration, improved practices, and innovation, as well as the use of new technology to access technical and market information from various actors in vegetable, longan, orange, mango, and other fruit processing. These stories have been shared on Harvest II's Facebook page and blog.
- *Developed an exposure photo story.* In FY20, Harvest II developed an exposure story focused on the new partnership and joint-investment in fruit processing.
- *Developed a case study featuring three companies' response to COVID-19.* Harvest II developed a case study (attached to this report) highlighting COVID 19 challenges and opportunities faced by Harvest II partners and the various ways they adapted to overcome COVID constraints. The case study will be shared with USAID's knowledge sharing platform [Marketlinks](#).
- *Produced two short videos.* The first video illustrated how lead market actors are responding to the growing demand for locally-grown and safe vegetables; this was featured at the Vegetable Investor Workshop in January 2020. The workshop also featured a panel of four pioneer companies in the vegetable sector, which gave workshop attendees a chance to learn about these pioneers' experience and discuss their recommendations for further modernization of the sector. The second video highlights how market actors are learning and adapting to COVID-19; this will be submitted in November.
- *Developed a new reporting template.* Harvest II revised and introduced a new SharePoint reporting template for the team to fill in their weekly activities, providing an advanced, seamless means of internal sharing. The communications team also revised its quarterly and annual report format to present a more concise, reader-friendly report, while continuing to meet USAID requirements.
- *Recruited a new Communications Support Specialist.* Harvest II recruited a new Communications Support Specialist, Rebeca Izquierdo, joining Harvest II March 16. Due to pandemic travel restrictions, Rebeca worked remotely from the US for six months and relocated to Cambodia in September 2020.

PLANS FOR FY21

- *Conduct communications training for internal staff.* The Communications team will organize training to improve staff writing skills. It will also provide a communications refresher training on project branding guidelines and photography tips.
- *Update and develop standard project communications materials.* Harvest II will update existing communication pieces, including the project factsheet and infographic, as appropriate. Additionally, the project will support project partners and grantees in developing their communications materials to ensure compliance with Harvest II branding guidelines.
- *Continue showcasing the successes of project partners.* Harvest II will continue capturing photos, stories, and videos to showcase the successes of project partners thereby facilitating knowledge transfer to other market actors and encouraging the replication of successful business strategies.



Harvest II hosts a USAID Mission Director visit to Laey Baitong, who is working with Harvest II to promote safe and organic vegetable by working closely with producers and input suppliers.

8. MONITORING, EVALUATION & LEARNING

In FY20, the Monitoring, Evaluation, and Learning Team (MEL) team continued reporting results and completed the following activities:

- Conducted an online survey to collect relevant data from buyers and relevant market actors within CPs in response to project performance indicators. The data include but are not limited to observations and learning about how CP partners and grantees have coped with business challenges and mitigated COVID-19's impact. This allows the project to better understand how to facilitate problem solving.
- *Facilitated FY20 review.* In early September, Harvest II conducted a yearly review on eight components including the four subsector strategies during the project's FY20 virtual meeting. The review helped to solidify feedback and recap the lessons learned, focusing on key challenges and opportunities across subsectors.
- In response to the COVID-19 pandemic, the MEL team worked closely with grants' technical leads and grantees to add value to partners' businesses as they coped with the COVID-19 pandemic and ensure that project deliverables were submitted, delays investigated, and project data validated before proceeding with payment.
- Customized project database to visualize data by subsectors. Through the database dashboard, allowed subsector and component leads to access information to track their results, promoting informed decision making and timely adjustments to interventions in response to market changes and COVID-19 impacts.
- *Submitted the revised Harvest II MEL plan.* Following comments and suggestions from USAID, as well as the addition of new indicators, Harvest II updated the project MEL plan. Additional learning questions and tools were also incorporated. The updated MEL plan was approved in March 2020.

KEY CHALLENGES AND LEARNING IN FY20

Though this year presented some tremendous and unfamiliar challenges, the Harvest II team united and presented a focused plan of action. Implementing social distancing guidelines, teleworking, and pausing meetings and site visits did not deter the team, but rather the team developed unique methods to continue developing and building relationships, providing technical guidance and supporting partners. The team focused on understanding the challenges presented to provide the best, customized support to each of their partners. The main challenges included:

- Significant price fluctuations across all commodities, which led many buyers to postpone doing business.
- Reduced purchase orders from traders in Thailand and Vietnam, coupled with an increased demand for quality and variety of products for export. During the period of increased border controls, Thai traders reduced orders of fresh mango and Vietnamese buyers were interested in buying only higher grades of cashew and the higher quality variety.
- Limited communication as several project buyers could not be reached, and the Harvest II project team was unable to connect and provide further support.
- Closed or highly regulated borders, which created export and import challenges across all subsectors.
- The need to postpone or cancel grant activities including on-site training and workshops, April – September 2020.

As the horticulture sector continued to be impacted by COVID-19, each Harvest II subsector team created a weekly work plan to address the dynamic challenges faced in their subsector. Weekly reporting allowed each team member to communicate their activities, plans and targets, while managers were able to streamline processes and provide comprehensive team oversight.

Team members worked closely with partners to identify challenges and determine possible solutions. Additionally, the MEL team implemented a new holistic process, allowing subsector leads to regularly tap into their database to analyze impacts, assess potential needs and proactively address emerging issues.

All in all, the challenges presented this year provided opportunities to adjust, develop, and implement sustainable and creative solutions throughout the market system:

- Key horticulture actors are investing in diversifying their markets and increasing their product competitiveness. Harvest II is helping numerous actors understand market requirements, upgrade the capacity of their supplier base, improve product quality, identify new markets, and invest in improved processing technology.
- Producers also understand the need to diversify their product offerings and improve quality. They are increasingly working with their buyers to grow new crops with technical advice from input firms.
- Buyers are working with input suppliers to offer cash-strapped producers new credit terms, and input suppliers are hosting conference calls with producers to discuss constraints and solutions. Grantees AGID and EWS shared knowledge using online platforms like Facebook. NAV continued home delivery using Telegram to communicate with consumers.
- The project continues to work with key government counterparts to build and review policies through interactive platforms.

Though the year presented a multitude of unprecedented challenges to both international and domestic markets, this year has also brought about impactful changes across the horticulture sector. The Harvest II team has observed new energy, as actors evolve and identify new opportunities and make sound business decisions in pursuit of economic success for their business partners going forward. The difficulties presented market actors a need to deviate from the routine and the demand to expand and break into new markets. The resulting market system is on a more dynamic, creative footing, with many exciting new solutions taking hold.

PLANS FOR FY21

In FY21, the MEL team will pursue continuous learning and adaptive management as well as plan for the activities as follows.

- *Revise Harvest II MEL plan.* To reflect new funds for COVID-19 mitigation, impact, and sustainable landscape, we will update the MEL plan by adding new indicators, revising indicator targets, and adding new Performance Indicator Reference Sheets.
- *Continue ongoing monitoring and data collection.* The MEL team will provide ongoing capacity-building and support activities to new grantees on data collection, as well as conduct spot checks on grant field activities.
- *Manage and customize project web database.* As the number of grantees and interventions increase, the MEL team will continue to customize the project web database to incorporate new interventions.
- *Measure system-level change.* Track subsector-level changes to determine whether outcomes and impacts are manifesting.
- *Organize quarterly subsector reviews.* Review and adjust the subsector portfolio and consider shifts in the subsector interventions that will lead to the envisioned subsector-level changes.
- *Conduct Data Quality Assessments (DQAs).* Conduct two internal DQAs to assess the validity, reliability, precision, integrity, and timeliness of performance monitoring data.
- *Review grant deliverables.* Review grant deliverables and conduct spot checks on a random basis.
- *Conduct regular assessments and periodic evaluations.* To supplement ongoing performance monitoring, ongoing assessment activities will generate insight on the relative successes and challenges.
- *Modify FY21 work plan.* As new partners are recruited, review the work plan and reflect the changes, adjustments and add new interventions.
- *Project year 4 review.* To reflect on component and subsector strategies; draw lessons learned resulting from interventions. Distill information to assess whether the project's subsector interventions are leading to the envisioned subsector-level changes and helping partners adopt new approaches, business models, and value-added products for market diversification.

ANNEX A. PERFORMANCE INDICATOR TRACKING TABLE (PITT)

As demonstrated in the PITT below, Harvest II met or exceeded 20 of the 21 contractual and custom indicator targets; excluding 3 additional contractual and custom indicators (*) added in the last quarter of FY20. The percentage of individuals adopting new innovative practices indicator fell slightly short of its target, achieving 95%. The unmet targets are directly attributed to grantee partners' inability to conduct training and technical assistance due to COVID-19's impact over the last 6 months.

#	Indicator	FY18 Target	FY18 Results	FY19 Target	FY19 Results	FY20 Target	FY20 Results	% of FY20 Target Achieved	FY21 Target	LOP Target
1A	Value of incremental sales (collected at farm-level)	\$2,500,000	\$6,089,140	\$5,000,000	\$8,999,377	\$7,000,000	\$13,641,689	195%	\$11,000,000	\$39,000,000
1B	Value of annual sales of farms and firms	N/A	\$6,838,430	\$6,000,000	\$15,210,589	\$16,000,000 ⁶	\$17,405,918	109%	\$12,000,000	\$42,000,000
2A	Number of ... for-profit private enterprises ...that applied improved organization-level technologies or management practices	225	205	325	402	460	606	132%	590	2,200
2B	Number of individuals in the agriculture system who have applied improved management practices ...	N/A	N/A	2,728	3,117	3,200	4,565	143%	4,200	4,800
3B	Percent of project-assisted buyers and suppliers who repeatedly applied at least one improved supply chain management practice	N/A	N/A	N/A	N/A	12%	15%	125%	20%	25%
4	Number of firms ... that have increased profits or become financially self-sufficient	100	150	180	182	260	275	106%	300	900
5	Number of FTE jobs created ⁷	109	190	340	418	700	715	102%	650	2,000

⁷ Number of FTE jobs created counts new and continuing jobs within the reporting period, based on FTF definition.

#	Indicator	FY18 Target	FY18 Results	FY19 Target	FY19 Results	FY20 Target	FY20 Results	% of FY20 Target Achieved	FY21 Target	LOP Target
6A	Value of new private sector capital investment in the agriculture sector...	\$726,000	\$2,235,046	\$3,000,000	\$2,715,612	\$3,000,000	\$6,388,785	213%	\$4,500,000	\$13,126,000
6B (*)	Amount of investment mobilized for sustainable landscapes	N/A				N/A	N/A	N/A	\$500,000	\$3,000,000
6C	Value of new USG commitments and private sector investment	N/A	N/A	\$3,000,000	\$3,638,559	\$3,324,000	\$7,641,557	230%	\$6,300,000	\$15,250,000
7	Number of ... policies analyzed, consulted on, drafted or revised, approved and implemented	1	1	3	3	4	4	100%	5	17
8 (*)	Number of farmers and small-medium enterprises completing requirements for a climate smart agriculture certification (CamGAP, organic, or a focused quality assurance system ...) (Custom)	N/A				N/A	N/A	N/A	200	500
9 (*)	Number of farmers and small-medium enterprises adopting at least one climate smart agricultural practice (Custom)	N/A				N/A	N/A	N/A	500	2,000
10A ⁹	Number of micro, small, and medium enterprises (MSMEs), including farmers, receiving agricultural-related credit	30	68	60	63	100	125	125%	100	375
10B ¹⁰	Value of agriculture-related financing accessed	N/A	\$95,500	\$115,000	\$131,750	\$115,000	\$310,555	270%	\$615,000	\$845,000

⁸ Indicator #6B, 8, 9 are new sustainable landscape indicators, beginning mid-August 2020.

⁹ Revising indicator numbers from 10A – 15, effective from mid-August 2020.

¹⁰ Indicator #10B, Project Year 5, FY21 and LOP target increase from \$115,000 in Year 5, FY21 to \$615,000. LOP target for indicator #10B also increases from \$522,250 to \$845,000.

#	Indicator	FY18 Target	FY18 Results	FY19 Target	FY19 Results	FY20 Target	FY20 Results	% of FY20 Target Achieved	FY21 Target	LOP Target
11A	Percentage of female participants ... to increase access to productive economic resources	15%	53%	20%	53%	53%	54.5%	103%	54%	55%
11B	Percentage of participants ... increase access to productive economic resources who are youth (15-29)	10%	12%	12%	12.4%	15%	15%	100%	17%	20%
12	Percentage of commercial partnership members who achieve at least 80% of their commercial partnership growth plan targets	20%	67%	25%	63%	30%	50%	167%	35%	35%
13	Percentage of commercial partnerships maintained and/or expanded over time	65%	70%	70%	71%	75%	79%	105%	80%	85%
14	Percentage of individuals adopting new innovative technology ...and/or management practices	50%	62%	60%	71%	65%	62%	95%	70%	75%
15	Number of individuals participating in USG food security programs	N/A	3,283	2,000	5,860	5,900	6,532	111%	6,600	7,000

ANNEX BI. OVERVIEW OF HARVEST II GRANTS TO DATE

Program	Grantee	Objective	Obligated Amount	Paid as of September 2020
Climate Change Adaptation (completed)	Aphivat Strey International*	Improve adoption of climate change practices to farmers based in Battambang	\$83,536	\$83,536
	International Institute of Rural Reconstruction*	Improve adoption of climate change practices to farmers based in Siem Reap, Pursat	\$87,859	\$87,859
	Total		\$171,395	\$171,395
Horticultural Solutions	AMK Microfinance PLC*	Develop Tonlesap app to increase access of agronomic information and production practices to farmers based in Battambang and Pursat	\$83,420	\$83,420
	East-West Seed (Cambodia) Co., Ltd. (EWS) *	Promote improved agricultural practices to farmers in four provinces	\$100,000	\$100,000
	Natural Agriculture Village (NAV) *	Promotion of local vegetable through contract farming and market expansion	\$56,373	\$53,173
	Angkor Green Investment and Development Co., Ltd.	Promote farm management service and contract farming	\$69,484	\$33,000
	Kiu (Cambodia) Co., Ltd.	Business management program for horticulture sector actors	\$110,000	\$45,000
	Krassna Management Co., Ltd.	Turmeric value chain management and buy back scheme	\$43,092	\$28,092
	Cambodia Microfinance Association (CMA) *	MFI financial literacy coaching program	\$25,750	\$25,750
	Husk Ventures (Cambodia) Co., Ltd *	Promotion of biochar products to improve production in horticulture value chain	\$50,668	\$50,668
	East-West Seed (Cambodia) Co., Ltd. (EWS)	Transform vegetable markets through market actors	\$90,000	\$63,000
	AMK-Supply Chain Financing	Pilot three supply chain finance models to support horticulture sector actors	\$76,000	\$32,000
	Cambodia Agriculture Cooperative Corporation Plc (CACC)	Export processed cashew nuts to European market	\$71,000	\$10,000
	Total		\$775,787	\$524,103
Investment Accelerator	Misota Food Import Export Co., Ltd. *	Invest in dried fruit processing	\$96,750	\$96,750
	Santana Agro Products Co., Ltd. *	Invest in cashew nut processing	\$96,700	\$96,700
	Angkor Harvest Co., Ltd. ¹¹ *	Invest in fresh mango and mango processing	-	-

¹¹ Angkor Harvest Co., Ltd. has not made any capital investment by the deadline of September 30, 2020. Therefore, consistent with pay-for-performance principles, we agreed to close this grant and make the funds available for other grant priorities.

Program	Grantee	Objective	Obligated Amount	Paid as of September 2020
	Twin AgriTech Co., Ltd	Invest in compost and vermicompost fertilizers	\$50,000	\$2,500
	Azaylla Cambodia Co., Ltd	Expand supply chain facility to increase fruit and vegetable to retail markets	\$38,000	\$2,500
	Total		\$281,450	\$195,950
Testing Innovations in Vegetable Subsector	SPIEN *	Value addition for vegetable producers through contract farming and a traceability system	\$24,140	\$24,140
	Total		\$24,140	\$24,140
Grand Total			\$1,252,772	\$915,588

Note: (*) 19 grants total as of September 2020. 11 grants closed by FY20; 5 Horticultural Solutions grants, 3 Investment Accelerator grants, 2 climate change adaptation and 1 vegetable innovation; which results in 8 active grants (6 Horticultural Solutions grants and 2 Investment Accelerator grants).

ANNEX B2. GRANTEE ACCOMPLISHMENTS TO DATE

Grantee	Accomplishments to Date
Aphivat Strey International*	<ul style="list-style-type: none"> 1,081 producers trained in climate friendly practices 855 producers (79%) demonstrated actions to reduce risks associated with climate change
International Institute of Rural Reconstruction*	<ul style="list-style-type: none"> 1,109 producers trained in climate friendly practices 534 producers (48%) demonstrated actions to reduce risks associated with climate change
AMK Microfinance PLC*	<ul style="list-style-type: none"> Finalized and deployed Tonlesap Seller App for testing Registered 900 ZOI horticulture farmers on TonleSap App, 227 of whom adopted improved practices as a result of accessing the app's agronomic information More than 106 input supply companies, ACs, and horticulture buyers uploaded their products on TonleSap App TonleSap Seller App successfully launched to help agriculture sellers and service providers manage sales, receive orders, and advertise and post products on the online platform
East-West Seed (Cambodia) Co., Ltd. (EWS)*	<ul style="list-style-type: none"> 1,211 farmers (736 women, 166 youth) adopted improved production practices 44 market actors (7 input supplier companies, 7 input dealers, 15 agro-input retailers, 15 vegetable collectors) trained on the proper use of EWS inputs and seed varieties \$308,996 of farm-level sales generated from farmers sourcing to EWS's 24 vegetable collectors; who generated firm-level sales of \$370,086
Misota Food Import Export Co., Ltd.*	<ul style="list-style-type: none"> Surpassed investment target specified in grant agreement, with total investment of \$691,275 Created 92 new full-time equivalent (FTE) jobs to-date Misota added new processing line to process dried orange (sourcing from Harvest II orange collector in Pursat) to export to local and Thai market. The processor continues to work with other market players to pilot contract farming, partnering with other similar businesses like Kirirom Food Production to export dried fruits to Japan
Santana Agro Product Co., Ltd.*	<ul style="list-style-type: none"> Surpassed investment target specified in grant agreement, with investment totaling \$1,112,996. This quarter, Santana expanded their cashew drying facility and purchased new machinery, valued at \$420,203. As a result, Santana has generated investment of \$1,979,028 to date, including capital investment of \$1,533,199 (in the cashew processing and drying facility) and \$445,829 in working capital for raw cashew. Created additional 75 new FTE jobs bringing total of 159 new jobs created during the life of grant project with Harvest II During this beginning of harvest season, Santana purchased raw cashew nuts of \$79,085 from 55 suppliers in Preah Vihear and Kampong Thom provinces; bringing total value of farm-level sales of \$445,829 to-date Exported 72 tons of semi-processed cashew to South Korea and other international markets
Natural Agriculture Village (NAV)*	<ul style="list-style-type: none"> Established distribution store named "Green Gold" located in Daem Kor market Supported 98 farmers in applying improved practices, such as growing diversified crops, producing compost fertilizer, applying husk biochar for soil enrichment, and proper use and recording of chemical fertilizers and pesticides In FY20, generated firm-level sales of \$283,660 resulting in \$423,618 sales to date by purchasing PGS and GAP-aligned fruits and vegetable produces including cabbage, cauliflowers, asparagus, pumpkin, tomato, cucumber, ridge gourd, papaya, orange, pomelo, and lemon In FY20, farmers generated \$737,398 resulting in \$799,035 of farm-level sales made by 136 vegetable farmers, who received training from NAV to improve production practices.

Grantee	Accomplishments to Date
	<ul style="list-style-type: none"> • Six retail markets and traders have sourced vegetables from NAV trained farmers. • 36 farmers have submitted GAP's performance evaluation request forms to GDA.
Angkor Green Investment and Development Co., Ltd.	<ul style="list-style-type: none"> • Provided technical training for 9 participants on GAP and mango production techniques, including topics such as soil, fertilizer, nutrition management, and harvesting, to meet buyers' requirements • Provided technical assistance on mango production and harvesting with 3 contract farmers and another 25 farmers who apply company techniques and products • Purchased 34 tons of fresh mango from contracted farmer for export to Thailand • Provided technical assistance on mango production and contract signed with 52 mango producers in term of technical aspect support and buy-back scheme • AGID planned to purchase at least 1,500 tons of fresh mango for export to Japan and Thailand beginning November 2020.
Kiu (Cambodia) Co., Ltd.	<ul style="list-style-type: none"> • Completed simplifying and localizing point of sales to attract MSMEs to use this digital business management platform • Partnered with AMK to introduce special product packages for existing and potential clients who can eventually access AMK financing through KiU's credit scoring system • Completed introduction on KiU's BMP and POS to 192 MSMEs and farmers in Battambang and Siem Reap provinces
Angkor Harvest Co., Ltd.*	<ul style="list-style-type: none"> • Completed recruiting staff such as General Manager, Warehouse Manager, Quality Control, and Head of Agronomy • Environment Impact Assessment proposal approved by Ministry of Environment, with study results expected by February 2020 • First successfully export of 12 tons of fresh mango to Freshmart Singapore
Krassna Management Co., Ltd.	<ul style="list-style-type: none"> • Distributed quality turmeric rhizome seeds to 70 key farmers that had received training. The germination rate is low, as planting occurred late in the season and the rains did not come as hoped; a significant harvest is unlikely. • Completed training on turmeric production and post-harvest handling practices to 325 farmers in Pursat province • 31% of 325 turmeric farmers have adopted the improved practices on production and post-harvest handling • Purchased 20 tons of fresh turmeric for processing • Exported more than 5 tons of turmeric to Synthite Vietnam, a well-known company who then place an additional order of up to 500 metric tons next year. • With reliable processed turmeric supplying to Synthite, attract this company to support the development of a laboratory facility in Phnom Penh that will allow Krassna to test moisture and curcumin levels in its turmeric products to meet ASTA's (American Spice Trade Association) criteria
Cambodia Microfinance Association (CMA)*	<ul style="list-style-type: none"> • Registered and signed memoranda of understanding (MoUs) with 6 MFIs for participation in CAFE training program • Completed training on Training of Coaches to 51 MFI staff from 5 MFIs. • CMA's five MFI partners developed work plans to implement client coaching programs
Husk Ventures (Cambodia) Co., Ltd.*	<ul style="list-style-type: none"> • Developed 5 videos (including from farm to table and carbon farming) • Completed reporting company sales of biochar; completed collecting farm-level sales generated by farmers using biochar products • Increased sales of bio-char to approximately 5 tons due to increasing demands from input dealers and farmers, especially in Kandal province • Developed a value chain directory which includes 42 key players, distributors, and other relevant stakeholders • \$37,908 sales of biochar and insect repellent generated by twelve agro-input dealers / retailers • 200 farmers adopted improved farm practice by using bio-char product, resulting in 25% increase in yield production of leafy vegetable, bitter gourd, cucumber

Grantee	Accomplishments to Date
SPIEN*	<ul style="list-style-type: none"> Signed contract agreements with eco-farm suppliers, in cooperation with GRET Cambodia, and with Khmer Organic Cooperation (KOC) for product supply Provided training on post-harvest management to 19 farmers (9 women) Completed installation of distribution center Purchased 3 tons of vegetables from eco-farm, offering a 10% premium over market price Partnered with KOC market retailer to sell products Completed consumer survey to 180 samples (including 60 observations and 120 individual survey) at KOC market retailer Completed final report including survey findings and commercial viability summary for scaling up their pilot scheme to new processed vegetable products after innovation grant ends in March
East-West Seed (Cambodia)	<ul style="list-style-type: none"> Formed 65 core farmers' groups Selected and set up 125 demonstration farms (40 demos from key farmers), following PERSUAP and key farmer selection criteria Developed 4 videos for social media to demonstrate at EWS's input dealers in Harvest II four target provinces Farmers trained by EWS generated sales of \$1,561,719 resulting in firm-level sales of \$1,942,894 generated by 33 vegetable collectors within 33 commercial partnerships formed by EWS.
Twin AgriTech Co., Ltd	<ul style="list-style-type: none"> Recruited 11 new local staff this quarter Completed procurement of bio-digester from Singapore and will arrive in Cambodia in FY21Q1. Invested in more than \$38,000 of capital investment including bio-digester, trucks.
AMK-Supply Chain Financing	<ul style="list-style-type: none"> Completed recruitment of 3 staff and formed structure Completed SCF models and submitted for review and approval from Harvest II team Provided training on SCF models to AMK staff Completed the development of SCF promotion materials Organized the event to introduce SCF to at least 15 private sector actors in mid-July 2020. AMK approved supply chain financing for Azyalla to increase working capital to meet the increasing demand from retail markets. AMK qualified a longan collector (CP buyer) to obtain \$190,000 financing to expand his working capital for the coming longan season.
Cambodia Agriculture Cooperative Corporation Plc (CACC)	<ul style="list-style-type: none"> Completed implementation workplan Completed staff recruitment to implement grant project with Harvest II Completed the development of Internal Control System
Azyalla Cambodia Co., Ltd	<ul style="list-style-type: none"> Completed the purchase of cold-storage and cold truck Fostered increased rapport and trust with their clients, yielding a 150-200% increase in sales Completed the purchase of a refrigerated truck and cold storage in September 2020. Expected to invest in a washing and processing station, a cutting and packing line, and other equipment by end of FY21.

* Grantee has concluded activities and grant has been closed out as of the end of FY20.

ANNEX C. SUCCESS STORY

PROJECT SNAPSHOT

Safe and organic products foster healthy living

How a business is working to bring safe and locally grown products to end consumers



Photo: Laey Baitong

Laey Baitong displays their products during AIMS's weekly Farmers Market to promote safe and organic products.



Photo: Harvest II

Laey Baitong joins an exposure visit to Thailand to learn improved organic production practices.

Telling Our Story

U.S. Agency for International Development
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The rising demand for safe and organic horticultural products in Cambodia is creating an array of opportunities for businesses, producers, consumers, and other market actors. Laey Baitong is the first agribusiness enterprise that provides local, fresh, safe, and organic agricultural products in Battambang province. Feed the Future Cambodia Harvest II has been working with this enterprise since January 2020, connecting them with multiple actors including producers, input dealers, and other public and private sector partners, utilizing several avenues to provide consumers with access to safe, local products.

Harvest II connected Laey Baitong with several input supply firms such as Healing Nature and Husk Ventures to procure organic fertilizer; it also connected them with seed dealer Song Mouy to obtain quality seeds for farmers. In addition to sourcing quality inputs, Harvest II worked with Song Mouy to host an exposure visit to Thailand. This notable occasion provided an opportunity for not just Laey Baitong but also producers and other buyers to learn various methods to improve practices and innovative production approaches, thus returning to Cambodia with increased knowledge and beneficial alternative practices to share and build the technical capacity of producers.

Mr. Tityarith, a committee member of Laey Baitong, shared, “the exposure visit provided an opportunity for us to gain a deeper understanding from an expert about organic production and the value of forming producer groups.”

To promote awareness and educate consumers on the benefits of safe and organic products, Harvest II facilitated Laey Baitong's participation in the Accelerating Inclusive Markets for Smallholders (AIMS) project's weekly Farmers Market venture, led by the Ministry of Commerce, which began in June 2020. Harvest II introduced and supported Laey Baitong's participation and booth set-up to display safe, local vegetables at the pilot market. Additionally, Harvest II assisted Laey Baitong in attending several trade fairs organized by other government ministries to promote their business and products.

Mr. Chhay Lo, the chairman of Laey Baitong mentioned, “During the first day at the AIMS market, we earned around \$25, but as we continued displaying every weekend, people became aware and bought more. Now we earn about \$50 a day – double the amount on the first day.” These trade fairs not only provide an opportunity for Laey Baitong to promote their products but also serve to raise awareness of the benefits of local over imported products.

Additionally, Laey Baitong also caters to customers by providing a home delivery option. As demand for home delivery has increased over the past year, Laey Baitong plans to expand this service, expanding its reach across Battambang and other provinces.

By working closely with key actors and stakeholders in the market system, Laey Baitong has demonstrated the value of promoting safe and local products to end consumers and has succeeded in expanding their business faster than expected.

ANNEX D. CASE STUDY

PANDEMIC CHALLENGES REVEAL CAMBODIAN ADAPTABILITY: A CASE STUDY IN THE VEGETABLE SECTOR



National Agricultural Village works with its farmers to adopt safe production practices. NAV's emphasis on innovation has served it well during the COVID pandemic.

As COVID-19 circumvented the globe impacting every nation, sector, business, and family, it brought numerous challenges in its wake. In developing countries – where market systems are often fragmented, connections between market actors weak, and businesses' reserves limited – perishable products like vegetables were particularly hard hit. Both the supply and demand were affected by the shock. As the crisis deepened, some market actors lost considerable revenue and some went out of business. Yet others were able to adapt – identifying and creating new pathways to cope with shifting conditions and efficiently respond to market requirements. This case study takes a look at how Feed the Future Cambodia Harvest II and three of its partners in the vegetable sector are coping with the crisis, showcasing how these companies innovated to ensure the viability of their business.

THE HARVEST II APPROACH

Feed the Future Cambodia Harvest II utilizes a blended approach to accelerate growth in Cambodia's horticulture sector. First, Harvest II's "buyer-led" approach involves working with individual buyers, their suppliers and companies providing services to them. In addition, the project takes a "market systems" perspective, working with an array of market actors to address broader systemic constraints in

the horticulture sector and advance priority system-level changes. This flexible approach is proving advantageous in the face of the COVID-19 shock, as it allows the project to work with specific partners on specific challenges, while also helping key players in each of its four horticulture subsectors work together to address common problems.

COVID's shock to the market system

As the coronavirus pandemic reverberated through the vegetable sector in Cambodia, the crisis served as both a negative and a positive disrupter.

For some, COVID catalyzed creative steps forward, accelerating adaptations that are helping the market system become more competitive and resilient. Harvest II has helped facilitated these adaptations.

THE VEGETABLE SUBSECTOR ENCOUNTERS CHALLENGES

The effects of COVID-19 began to be felt across Cambodia in early March 2020, leading to abrupt closures of schools, offices and businesses. Traditional “wet markets” which normally provide a bountiful array of fresh fruit, vegetables, seafood, meats, and home supplies, experienced drastically reduced foot-traffic due to social interaction fears and distancing guidelines. Market actors who supplied these markets experienced business disruptions from farm labor shortages, constrained logistics, fluctuating demand, mobility challenges, and international border closures. Farmers, collectors, processors, and retailers were all affected.

Facing numerous challenges and extreme disruption from every angle, Harvest II and its partners were highly motivated to seek and build unique and contemporary solutions to address and weather these unprecedented challenges.

MARKET ACTORS PROVIDE MORE SERVICES TO CUSTOMERS

From the beginning, much of Harvest II's work has involved helping market actors invest their ingenuity and resources to develop more efficient supply chains and more differentiated products. In the last seven months of the COVID crisis, the project has noticed that companies committed to these sorts of improvements were among those most able to weather the shock and indeed prosper. The following examples provide a glimpse of how three companies were able to continue improving and innovating in a way that created real value for their customers.

Expanding Markets & Services - Natural Agriculture Village

Natural Agriculture Village (NAV) is an innovative company, long committed to working with farmers in Battambang, Pursat, and Siem Reap provinces to promote the production and sale of higher quality, safe, and organic produce. It is also attuned to its customers' needs, most of whom are in the Phnom Penh area.

As COVID struck, noting dramatically fewer customers in traditional markets, NAV established a home delivery service to reach its customers directly, allowing them to select their fresh fruits and vegetables online. As people practiced more social distancing, the demand for NAV's home delivered products skyrocketed. NAV's ability to rapidly adapt and expand its capacity to accommodate new demand allowed it to double its profits from direct sales to household consumers.

NAV not only experienced massive growth from its direct delivery service, but expanded market reach, connecting with high-end markets that resulted in a surge of demand for NAV's organic products. NAV connected six traders and retail shops to reliable farmers who were able to reliably supply vegetables. In

FY20, NAV generated sales of \$283,660 bringing their sales since they began working with Harvest II to \$423,618. The bulk of these sales involved providing PGS-GAP aligned vegetables and fruits to seven supermarkets such as Aeon, Lucky, Makro, Chip Mong, Bayon, Cambodia Superstore, and Phnom Penh Superstore. In addition, NAV has also supplied to 20 mini marts, wet markets, and restaurants. NAV's demand for vegetables, which had averaged 2 tons per day in March, experienced a threefold increase during the pandemic.



NAV has expanded its support to suppliers through training and an enhanced traceability system, allowing them to improve their supply chain and increase sales at their retail outlet in Phnom Penh.

The growth of NAV's home-delivery service and its expansion into high end markets demonstrates their determination to provide Cambodians with access to local and organic produce. Harvest II's grant helped NAV work to rigorously improve farmer capacity and improve their supply chain management over the course of more than a year. As a result, NAV was in a better position to gear up production when the occasion arose during pandemic.

Adopting New Services & Approaches - Laey Baitong

Laey Baitong, another Harvest II partner that adopted new services and approaches to address COVID-19 constraints, is the first agribusiness enterprise in Battambang that connects with local producers, consumers, and other key business stakeholders to provide local, fresh, safe, and organic agricultural products.

As the outbreak of the coronavirus pandemic temporarily shut down Cambodia's wet markets, making it hard for consumers to find fresh vegetables. Like NAV, Laey Baitong identified the opportunity and implemented a convenient home delivery service. Observing social distancing guidelines and consumers' unwillingness to leave their homes, Laey Baitong began catering to customers in and outside Battambang utilizing the delivery option. Noting the increased demand for home delivery over the past year, Laey Baitong plans to expand the home delivery service operating from new outlets in Battambang and other provinces.

Though Laey Baitong made a triple sales increase through its home delivery service, the company continued working with Harvest II to identify other untapped markets. To promote awareness and educate consumers on the benefits of safe and organic products, Harvest II facilitated Laey Baitong's participation in a new weekly farmers market venture and in several trade fairs organized by government ministries.

Laey Baitong experienced an increase in sales during COVID-19 by expanding their target market as well as offering new services. Laey Baitong's success provided multiple growth and development opportunities to not only the agribusiness enterprise but other market system actors along the way. Working closely with Harvest II, the company continued to build the technical capacity of their producers and promote access to quality inputs. The progress fostered through these collaborations demonstrates the expanding demand for safe and organic products across Cambodia.



Through improved coordination supported by Harvest II, Laey Baitong supplies safe and organic products to local consumers.

Developing an Online Presence - Azaylla

As Cambodia's wet markets began to experience gradual closures and decreased demand for vegetables, another Harvest II partner, Azaylla identified its own distinct adaptation technique. Azaylla is a relatively young agri-business company focused on the development of sustainable supply chains from sourcing from around 30 farmers to reliably supply retail markets such as Chip Mong, and Super Duper. As the company began experiencing disruptions caused by COVID-19, it used this time to increase purchases to supply Grocerdel, the B2C home-delivery platform that ramped up sales during this pandemic. Azaylla's work to aggressively sign up customers and establish dependable and efficient sourcing proved key in strategically navigating the pandemic's constraints and grow quickly in its first year.

Quick decision making enabled the company to make a fluid shift from face-to-face interactions to an interactive online presence, creating a welcoming virtual space for their customers. The small company engaged in online ordering, support, feedback, and delivery services in response to market closures and social distancing guidelines. The digital platform provided customers the opportunity to place detailed orders and interact quickly with the company. Additionally, as comfort with the digital platform grew, feedback from their customers increased. This constructive function generated by the new online system equipped Azaylla with a better understanding of each of its customers' product and quality expectations which they quickly integrated to provide customized products and services.

Though the pandemic limited social interactions with their customers, the commitment and dependability demonstrated by Azaylla fostered increased rapport and trust with their clients, yielding a 150-200% increase in sales over the past nine months. The new personalized platform strengthened relationships with vendors, suppliers, and customers resulting in exponential growth which has led to potential expansion opportunities to Battambang province. In July, Azaylla was awarded a small pay-for-performance grant under Harvest II's Investment Accelerator program to incentivize its investment in a refrigerated truck and cold storage, a washing and processing station, a cutting and packing line, and other equipment to better serve its expanding business. Azaylla also partnered with Harvest II's grantee AMK micro-finance institution to utilize its supply chain financing product and acquire additional working capital.

Continuing to work through and adapt to the constraints presented by the pandemic, Azaylla has recognized the significance of agility in responding to challenges and has created a diversified portfolio to survive unforeseen challenges. Though the past year has created challenges across Cambodia's horticulture sector, the preparedness and flexibility demonstrated by Azaylla explains the significant success that this new business has experienced.

PANDEMIC CONSTRAINTS YIELD A MORE AGILE MARKET SYSTEM

Harvest II partners' swift reaction and targeted responses to COVID-19 constraints illustrate each actor's ability to not only learn from the pandemic but to adapt and thrive by creating new value for customers. Incredibly, the abrupt closure of traditional markets opened new opportunities for risk-taking entrepreneurs in the value chain. When markets collapsed, these innovators were able to recognize and seize the new opportunities, not only expanding sales by 200-300% to traditional customers, but also expanding to new markets, targeting new product offerings for new consumer segments. To be successful, they relied on a whole cadre of partnerships: with farmers with whom they forged tighter relationships, with technology companies to rapidly develop their web presence and branding, with non-traditional logistics providers who could handle small-lot customer deliveries, with newly formed centralized aggregation centers to facilitate the distribution network, and partnerships with firms that facilitated value chain financing, increasing their capacity to grow.

This constellation of partnerships around newly formed business models had an immediate impact on the entire market system, introducing new ways of thinking about the vegetable business. A new-found closeness to the customer has instilled greater emphasis on customer-service and reliability; direct sourcing from farming communities has allowed innovators to rapidly introduce differentiated products that generate premium pricing for vegetable farmers, such as for chemical-free and organic products. Modern grocery retailers have recognized this trend and are now pivoting to some of these innovators for supplies. As the coronavirus pandemic reverberated across Cambodia's market systems, it served as a catalyst for change. Harvest II continues to actively work with its partners across the horticulture sector to explore and promote the adoption of these new behaviors and practices, fostering a more agile market system.



Expanding their market reach and raising awareness, Laey Baitong showcases safe and organic produce at a new farmers market.

ANNEX E. EXPOSURE STORY (SUBMITTED SEPARATELY)

ANNEX F. CONSULTANT REPORTS (SUBMITTED SEPARATELY)

ANNEX G. FINANCIAL REPORT (SUBMITTED SEPARATELY)